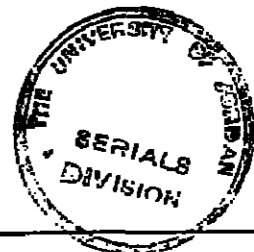


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Still Gagged, Gorbachev Struggles to Be Heard

By Alessandra Stanley
New York Times Service

MOSCOW — Vigorous, opinionated, and deeply frustrated, the last Communist leader of the Soviet Union floats across the political landscape like a restless ghost, unable to make his presence felt.

Mikhail S. Gorbachev's name is not even mentioned in most surveys of voters' favorite politicians. He complains that national television declines his requests for air time.

"We are witnessing a monopolization of the mass media, which is disgusting," he said in an interview this week in his large, oddly impersonal office at the Gorbachev Foundation, his research institute. He still refers to himself in the third person. "And they are all trying to persuade Gorbachev not to run."

When Russians lowered the red flag over the Kremlin and rid themselves of Communist tyranny four years ago, they also tried to bury the man who boldly set out to rehabilitate the Soviet state—and ended up presiding over its demise. Ten years after he introduced a sweeping reform of the Communist system, Mr. Gorbachev is struggling to break free of his forced retirement.

Mr. Gorbachev, 64, recently announced that he was seriously considering a run for the Russian presidency in 1996, convinced that the only way he can preserve his legacy of perestroika—the broad restructuring of society—is to finish the job himself. But he remains mired in the netherworld he fell into when he resigned as Soviet president on Dec. 25, 1991.

Many Russians hold him responsible for the collapse of the Soviet Union; others blame him for not having pushed economic reform and democracy far enough. Mr. Gorbachev sensed his country's yearning for change, and tried to harness it.

But when the democratic forces he helped unleash began to spin out of his control, first in Communist East Europe, then in the Soviet Union itself, he lost his bearings, and then his place to the nimble, more radical Boris N. Yeltsin, who became the democratically elected president of the new Russian Federation.

Though he is still a powerful figure in the eyes of many Russians, Mr. Gorbachev's role in the new Russia is vilified, but mostly, he is ignored.

In speaking engagements abroad, and in a few recent campaign-style stops in remote Russian provinces, Mr. Gorbachev is fighting to preserve his place in history. His is a rear-guard battle to detach his reputation from that of Mr. Yeltsin's.

Mr. Gorbachev becomes deeply offended at any suggestion that Mr. Yeltsin's policies are a broader, speedier extension of his own. "Yeltsin's course is not the continuation of perestroika," he said angrily. "It is the denial of perestroika."

While Mr. Yeltsin's popularity has plummeted since he sent troops to the secessionist republic of Chechnya in December, his loss has not meant a gain for Mr. Gorbachev, whose approval ratings are dismally low.

Mr. Yeltsin and Mr. Gorbachev, who began as allies in the Politburo and ended up fierce enemies, are linked in the Russian imagination as twin engines of change. And for most Russians, the dramatic changes of the last 10 years have brought more pain than pleasure.

Some of Mr. Gorbachev's greatest achievements, including glasnost (or openness), which freed Andrei D. Sakharov, the physicist and dissident, from internal exile and allowed hundreds of banned writers, dissidents, and artists allowed to work and publish in peace, are now taken for granted.

Mr. Gorbachev's success in helping end the Cold War has been overshadowed by the conflict in Chechnya, a conventional war that has already cost thousands of lives.

Economic reform and privatization are seen as mainly lining the pockets of criminals, bureaucrats, and their cronies. The terror of a police state is gone, but it has been replaced by a fear of gangsters and corrupt police officers.

As Mr. Gorbachev struggles to shape a new Russia, he is seen as a relic of the past.

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A VISIT TO GAZA — Yasser Arafat taking Secretary of State Warren M. Christopher on a tour outside his Gaza City office on Friday. The U.S. secretary urged the PLO leader to take tougher measures against terrorism. Page 4.

Algeria Bombing Follows a Dire Warning

By Youssef M. Ibrahim
New York Times Service

RABAT, Morocco — Hours after a militant faction of the Islamic opposition in Algeria said it would start killing the wives and daughters of police officers and army personnel, a car bombing wounded at least 63 people in an Algiers suburb.

Prime Minister Mokdad Sifi said most of the wounded were members of policemen's families. The bomb went off near an apartment building for police officers in Bab el Oued.

Although a communiqué by the militant Armed Islamic Group had said the attacks on policemen's relatives would begin Saturday, Mr. Sifi accused the government's Muslim fundamentalist opponents of responsibility for what he said were "criminal acts which target the people and foundation of society."

In the communiqué by the Armed Islamic Group, the most violent of several groups battling the government, the militants accused the army of jailing female supporters and relatives of Islamic militants. The communiqué demanded their release and set Friday night as the deadline.

"Otherwise we will take revenge for every Muslim woman whose honor is violated or who remains in captivity," the statement said, "by killing the women of the tyrants in the army, police and their supporters."

The group has carried out a campaign to isolate the military-dominated regime by assassinating at least 71 foreigners in Algeria since 1993.

They are among several Muslim fundamentalist groups that have led an uprising against the government ever since it canceled a general election that the Islamic Salvation Front was poised to win.

The Armed Islamic Group's latest communiqué, published Friday in a London-based Arabic daily, Al Hayat, was sent out to news organizations a few hours before

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See MEXICO, Page 4

Wall Street Record Ends a Hectic Week

Administration Defends Release Of Mexico Aid

U.S. Economy Benefits From Job Creation

By Lawrence Malkin
International Herald Tribune

WASHINGTON — The Clinton administration, facing a hostile congressional review of its rescue plan for Mexico, said Friday that it was releasing the first installment of \$3 billion in aid to help ease the peso crisis and warned that attacks on the plan could backfire.

"Mexico will use these funds to strengthen and stabilize financial markets by canceling short-term public sector debt," the Treasury Department said. "If Mexico proceeds along the path it has committed to follow, it should be able to regain stability and resume economic growth."

Treasury Secretary Robert E. Rubin warned members of Congress that any moves to block the aid "risk damaging market confidence in Mexico and thereby reduce the prospects for this program."

"This program is sound," he said, "and it must be given an opportunity to work." The release of the funds comes a day after Mexico's finance minister, Guillermo Ortiz, announced a package of harsh austerity measures intended to reverse Mexico's economic crisis.

The package, promising sharp price and tax increases and painful fiscal measures aimed at restricting consumer spending, is aimed at complying with strict economic and fiscal measures imposed by the Clinton administration as part of a \$20 billion package of emergency loan guarantees signed last month.

While the peso continued to plunge after details of Mr. Ortiz's plan were released, the currency surged against the dollar Friday after news of the release of the U.S. funds.

In late trading in New York, the dollar fell to 6.30 pesos, from 7.45 pesos Thursday.

Mr. Ortiz said he expected 1995 inflation to be "close to 42 percent" and forecast that amounts to a recession for the rest of the year. He said the gross domestic product would decline 2 percent for 1995, compared with the goal of 4 percent annual growth set by President Ernesto Zedillo when he took office Dec. 1.

Financial analysts said that even with the new austerity program, they did not expect the peso to recover its health. They warned that its value could drop well below 10 to the dollar before stabilizing.

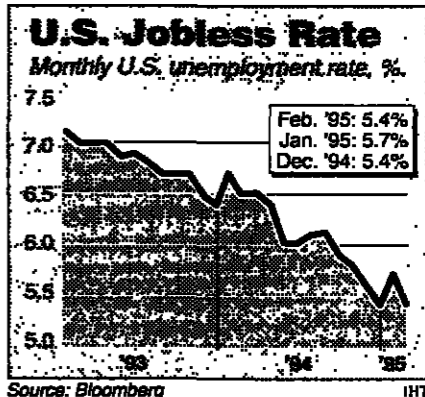
Mr. Ortiz conceded that the "economic emergency plan" inaugurated in January by Mr. Zedillo had failed to restrain inflation or halt Mexico's currency collapse since the president devalued the peso Dec. 20. He said Mr. Zedillo had instructed his top economic advisers to devise a "more realistic and responsible alternative to overcome this crisis."

"In the past years, the goods and services we imported from abroad were in

NEW YORK — Healthy signs for U.S. employment on Friday soothed the world's financial markets and Wall Street, in particular, which soared to a record after getting an additional boost from Mexico's new austerity plan. For the moment, the dollar seemed out of danger.

The economy created 318,000 new jobs in February, soaking up most of the 350,000 new workers who swelled the unemployed pool when they went looking for jobs in January. The unemployment rate was cut to 5.4 percent without any change in the monthly level of hourly earnings.

The average workweek, which the Federal Reserve chairman, Alan Greenspan, tracks closely as a sign of tight labor markets, declined slightly to 34.5 hours after rising in January. Most of the newly employed found jobs in low-paying service trades such as restaurants or working for agencies supplying temporary workers, where it is virtually impossible to hold out for higher pay.



European markets and Wall Street at first moved erratically in response to what was essentially an even-keeled economic report. The high number of new jobs seemed to give the Federal Reserve an excuse to raise interest rates to protect the dollar, but few believed it would do so. Enough uncertainty remained about the Fed's intentions for traders to become wary of betting against it, especially at the end of an exhausting week in the currency markets.

Although the relative stability of the dollar on Friday may prove temporary, it sent a wave of relief through the government bond market, which benefited from expectations that foreign buyers would reappear. The yield on the benchmark 30-year Treasury bond fell to 7.46 percent Friday after closing at 7.51 percent Thursday.

The dollar closed at 1.4125 Deutsche marks, up from its closing rate Thursday at 1.4010 DM. The U.S. unit was quoted unchanged at 90.90 yen.

Stock prices shot up in sympathy as the Dow Jones industrial index rose more than 50 points by early afternoon, when program trading curbs were imposed. The index closed at a record of 4,035.61, up 52.22 points from Thursday, after rising as high as 4,048.40.

What the financial markets were really doing, said John Lipsky of Salomon Brothers, was hunting for a new dollar trading range that would reflect a more moderate estimate of U.S. economic growth. That growth is expected to slip into the range of 2 percent this spring, about half of last year's.

See JOBS, Page 4

U.S. to Rein In Spy Agencies

By Walter Pincus
Washington Post Service

WASHINGTON — The Clinton administration has moved to exert greater control over what intelligence the CIA and other spy agencies collect, and has created a high-level committee to oversee their performance.

President Bill Clinton signed a classified presidential order last week that for the first time since the Cold War's end sets formal, White House priorities for subjects to be targeted by the CIA and other intelligence agencies, according to congressional and administration sources.

The directive establishes a committee of senior White House, Pentagon, State Department and other officials to review regularly whether the government's intelligence objectives are being met and if they ought to be changed.

The change means the consumers of intelligence, top administration policymakers, will have a new, direct role in deciding what information they want collected. The new system would limit the past independence of the CIA and other agencies in setting their own priorities and deciding how well they are performing.

The change grows out of frustration in the administration and Congress over the

See CIA, Page 4

Sicily Rescues Heritage From the Mafia

By Celestine Bohlen
New York Times Service

PALERMO, Sicily — Except for perhaps a brief glimpse of the Villa Maifratano in the movie "The Godfather Part III," most of the children at the Francesco Vivona school had never even seen the 19th-

century estate with cool green lawns and shady trees that lies in the heart of their crowded, dusty neighborhood.

Now the villa is in a sense their baby, adopted through a program that is matching up some 80 Palermo schools with cultural monuments that have long been abandoned, neglected or hidden from public view.

Modeled after a highly successful effort in Naples, the monument-adoption project has struck an even richer chord here, where it is part of the city's effort to repair the moral and physical damage caused by decades under the thumb of a secretive and vengeful Mafia.

"The Mafia has always been able to play on the citizens' lack of any sense of ownership," said Alessandra Siragusa, 31, Palermo's education commissioner and a prime mover in the monuments project.

"The idea now is to promote a new sense of citizenship," she said. "We explain to the children that these monuments are like orphans, abandoned by their parents. Now the children will be the parents, and from there the idea of responsibility spreads — to the neighborhoods, to the city as a whole."

The "mind your own business" attitude developed by citizens during the Mafia era — before the government began to loosen the Cosa Nostra's hold on the city — has been Palermo's curse, many residents say.

Not only did it allow organized crime to flourish, but it caused people to turn in on themselves, forfeiting their civic rights and claims to their own cultural heritage, considered one of the richest in Italy.

The list of monuments up for adoption is impressive, including early Christian

See SICILY, Page 4

AGENDA

Bolshoi Dancers Stage First Strike



MOSCOW (Reuters) — Dancers with Russia's Bolshoi Ballet went on strike Friday for the first time to protest the leadership of the theater.

The dancers stopped work just before the curtain was due to go up on Prokofiev's "Romeo and Juliet." Instead, they came on stage to put their case to the audience.

The strike came a day after the Bolshoi announced that its artistic director and chief ballet master, Yuri Grigorovich, had quit following a long dispute over the running of the theater.

U.S.-Russia Talks

BRUSSELS (Reuters) — The United States and Russia agreed to meet in Geneva in two weeks after Moscow said it would drop its opposition to the expansion of NATO if no nuclear weapons or foreign troops are stationed on the territory of new members, NATO officials said on Friday.

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Newsstand Prices	
Andorra	9.00 FF
Armenia	11.20 FF
Cambodia	1.400 CFA
Egypt	9.00 FF
France	9.00 CFA
Germany	3.50 Dr.
Greece	2.800 Lira
Italy	1.120 CFA
Japan	1.50 U.S. \$
Lebanon	1.50 U.S. \$
Luxembourg	12.00 FF
Morocco	3.00 FF
Qatar	11.20 FF
Romania	9.00 CFA
Saudi Arabia	9.00 CFA
Spain	225 PTAS
Sri Lanka	1.000 L
Taiwan	1.000 NT
Turkey	1.000 L
U.A.E.	8.50 Dirh.
U.S.	1.50 U.S. \$

China to Continue U.S. Rights Talks

Foreign Minister Defends Growth of Military Budget

By Patrick E. Tyler
New York Times Service

BEIJING — Foreign Minister Qian Qichen said Friday that China would continue its human rights dialogue with the United States despite what he called Washington's "foolish" attempts to curtail Beijing's human rights record.

Striking a moderate tone in a nationally televised news conference, Mr. Qian defended the continued growth of the Chinese military budget and asserted China's claim of sovereignty over the South China Sea and its Spratly Island group, but he insisted that Beijing was not pursuing a "military" course in the recent occupation by Chinese fishermen of one reef.

Taking questions from domestic and foreign reporters at the Great Hall of the People, Mr. Qian accused petitioners to the current session of China's Parliament, the National People's Congress, of having "ulterior" motives in calling for an investigation into high-level corruption and for sweeping political reforms.

Most of the several dozen petitioners who submitted documents to the Parliament this year remain free, but are under close surveillance. Foreign journalists have been blocked from some attempts to contact them. A parliamentary spokesman said last week that the petitions would be ignored, but the modest effort to put political reform on the national agenda has drawn support from prominent Chinese dissidents here and from a number who are living in exile in the United States.

With the arrival this weekend

of the United States trade representative, Mickey Kantor, Mr. Qian said China is looking forward to renewed discussions on the terms for China's entry into the World Trade Organization.

But for several months, the Chinese leadership has seemed unable to reach a consensus on whether its heavily protected domestic industries can afford the price of admission to the trade body. The declining health of paramount leader Deng Xiaoping appears to be contributing to greater paralysis on key policy decisions, Western diplomats say.

Responding to a number of questions on human rights, Mr. Qian conceded that China's best known political dissident, Wei Jingsheng, who has been detained without charge or trial for nearly a year, had disappeared into the legal system through a "loophole."

"I think the United States so avidly looks for loopholes in other countries without looking to its own loopholes in its own laws," he said. "I hope the United States will focus more on its own laws."

Mr. Qian's remarks to reporters at the Great Hall of the People were far less contentious than a great deal of recent Chinese commentary that has accused the United States of seeking to thwart China's emergence as a great power through "hegemonism" and "power politics."

Mr. Qian, 67, who is credited in the Chinese leadership as the principal architect of China's recovery from the diplomatic isolation that followed the 1989 Tiananmen crackdown, was expected to give up his post during this Parliament session, but a struggle has broken out over who will succeed him.

His live television news conference has become a regular feature of the session in recent years and a rare opportunity for the Chinese people to see a top leader field unscripted questions from the international news media. Though Mr. Qian's performance at the mid-morning session was beamed directly to millions of viewers, by the time the conference was replayed late Friday for hundreds of millions of Chinese during prime time, a number of questions about democracy, human rights and the whereabouts of Wei Jingsheng had been edited out.

Detective in Simpson Case Denies Tampering Charge



Detective Fuhrman, testifying Friday at Mr. Simpson's double murder trial, said he discovered a spot on Mr. Simpson's Ford Bronco that "appeared to be dried blood."

Compiled by Our Staff From Dispatches

LOS ANGELES — The police detective who has been accused by defense attorneys of planting a bloody glove on O. J. Simpson's estate said Friday that he was never alone at the crime scene and could not have tampered with evidence.

The detective, Mark Fuhrman, also testified that he discovered dried blood on Mr. Simpson's white Ford Bronco a few hours after Nicole Brown Simpson and Ronald L. Goldman were stabbed to death.

Mr. Fuhrman said he was never alone at the crime scene where Mr. Simpson's former wife and Mr. Goldman were killed, countering a defense allegation that he moved the glove.

Mr. Simpson's lawyers have depicted Mr. Fuhrman as a racist and suggested he took a bloody glove from the scene and planted it on Mr. Simpson's property. Mr. Fuhrman said that he saw only one glove outside Mrs. Simpson's condominium and that he never touched it.

Mr. Fuhrman said he went with three other detectives from Mrs. Simpson's condominium to Mr. Simpson's mansion. While the other three were trying to contact someone inside the house, he walked along the street and saw a white Ford Bronco.

"As I was walking past the vehicle I noticed a small spot above the door handle of the driver's side of the vehicle," Mr. Fuhrman said. "At first it just looked like a spot of unknown origin," he added. "When I took the flashlight out and looked at it, it looked reddish brown with a translucent quality to it and it appeared to be dried blood."

The detective said he then looked over the rest of the vehicle and found three or four lines that appeared to be dried blood on the driver's side door.

Looking inside the Bronco, he said, he saw a package addressed to Mr. Simpson. He then told the other detectives of the blood drops. Mr. Fuhrman said a check with the Department of Motor Vehicles showed that the Bronco was registered to the Hertz Corp. Knowing that Mr. Simpson was a television spokesman for Hertz, and seeing the package in the vehicle,

Mr. Fuhrman said he concluded that it was Mr. Simpson's Bronco.

The prosecution also showed the jurors a long-handled shovel, a large plastic bag and a towel that were found in the Bronco the morning after the killings. Winding up the day's session, Mr. Fuhrman cut open the sealed evidence packages and unwrapped the items, as well as a sharp piece of wood discovered on the grass next to the vehicle. The session ended without jurors hearing an explanation of how the items may be related to the murders.

Earlier, the chief prosecutor, Marcia Clark, took Mr. Fuhrman painstakingly through the events at the crime scene after the discovery of the bodies, and he said he was always in the company of at least two other police officers.

During a preliminary hearing in July 1994, Mr. Fuhrman said he had found a bloody glove on Mr. Simpson's estate that matched one at the crime scene, potentially the most damning piece of evidence in the case.

The testimony made Mr. Fuhrman a key witness and the defense responded by trying to discredit him with accusations that he planted the glove because he is a racist. Ms. Clark sought to diffuse the race issue when he took the witness stand Thursday, introducing a letter written by a real estate agent, Kathleen Bell, in which she claimed she had a conversation with Mr. Fuhrman in 1984.

In the letter, Ms. Bell contended that Mr. Fuhrman told her "he would like nothing more than to see all the 'niggers' gathered together and killed."

Mr. Fuhrman denied knowing Miss Bell or ever having spoken to her, but at a press conference later, one of Mr. Simpson's lawyers, F. Lee Bailey, said he had a "surprise witness," a woman Mr. Fuhrman did not know about who would say that Miss Bell and the detective met on another occasion.

That led to a courtroom confrontation Friday with a prosecutor, Cheri Lewis, claiming that the defense had kept the witness secret.

Mr. Bailey said the prosecution had not been informed of the witness because she had not become necessary until Mr. Fuhrman denied ever meeting Miss Bell. (Reuters, AP)

Urban Pollution Blamed for Early Deaths

By Curt Supplee
Washington Post Service

WASHINGTON — The largest study ever conducted on the health effects of airborne particles from traffic and smokestacks has found that people in the most polluted U.S. cities are 15 percent to 17 percent more likely to die prematurely than those in cities with the cleanest air.

This form of pollution is killing citizens even in areas that meet federal air-quality standards, said the study's co-author, Douglas Dockery, of the Harvard School of Public Health.

"The impact on life and health is more pervasive than previously thought," he said.

Where levels of airborne particles fall in the low middle range for U.S. cities, the average person loses approximately one year of life expectancy

compared to the average for such relatively pristine venues as Topeka, Kansas, or Madison, Wisconsin. In highly polluted places, such as Los Angeles or Salt Lake City, Mr. Dockery said, the toll is much greater.

Overall air quality in American cities has improved dramatically since the period covered by the study, thanks in part to new federal requirements in the Clean Air Act amendments of 1990. But the fine particles associated with increased mortality rates seen in the study are a type of pollution that is not separately regulated under the clean air standards.

The nationwide project tracked the health histories of 552,138 adults in 151 metropolitan areas from 1982 through 1989, and compared mortality data in each location with the amount of fine particulate matter — such as soot, smoke and

sulfate particles in the air — measured by the Environmental Protection Agency at each site.

For each subject who died during the study period, cause of death was determined from death certificates. After factoring out effects of age, sex, tobacco use, occupational exposure to pollution, obesity and alcohol use, researchers found high sulfate and fine particulate levels raised the risk of premature death from all causes by 15 percent and 17 percent respectively.

Those averages largely reflect a 30-percent difference in death rates from heart disease, respiratory diseases and lung cancer between the most and least polluted cities, the team from the Harvard School of Public Health, the American Cancer Society, Harvard Medical School and Brigham Young University reports in the March

issue of the American Journal of Respiratory and Critical Care Medicine.

The study concentrated on "fine particulate" air pollution: the kind of inhalable particles that are 2.5 microns in diameter (about a ten-thousandth of an inch, or one-fortieth the diameter of a human hair) or smaller. Particles of this size can penetrate lung tissue deeply.

Most such particles are droplets or solid bits of sulfates formed when sulfur-containing fuels are burned to generate electricity or power commercial facilities. But some are created from the miasma of auto-pipe molecules — typically nitrogen oxides and hydrocarbons — and ozone collectively known as smog.

Fine particles also are produced by diesel engines in trucks and buses, factory smokestacks, wood burning, mining and construction.

Ian Ballantine, 79, Dies, Pioneered Paperbacks

New York Times Service

NEW YORK — Ian Ballantine, 79, a pioneer in publishing and founder of three important paperback houses, died of cardiac arrest Thursday at his home in Bearsville, New York.

In a career that spanned five decades, Mr. Ballantine, who was devoted to the notion that people would read a wide variety of books if they were affordable and accessible, founded Penguin U.S.A., Bantam Books and Ballantine Books.

In 1939, as Pocket Books prepared to introduce one of the first American paperback lines, Mr. Ballantine, fresh out of the London School of Economics, arrived with a stack of paperbacks published by Penguin Books in Britain.

He and his wife, Betty, opened Penguin U.S.A. and began importing such classics as "Invisible Man" by H.G. Wells and "My Man Jeeves" by F.G. Wedekind.

In 1945, the Ballantines left Penguin to begin a reprint house, which they named Bantam Books. Just months later, having bought the paperback rights for 20 hardcover books, they released their first list, including "Life on the Mississippi" by Mark Twain, "The Grapes of Wrath" by John Steinbeck and "The Great Gatsby" by F. Scott Fitzgerald. In 1952, the Ballantines founded Ballantine Books, turning their focus to paperback originals, or books first published in paperback form instead of hardcover. While broad-based in their selections, they found their niche by publishing science fiction, fantasy, Western and mystery genres.

Matityahu Peled, 72, a Jewish Israeli who met with PLO leader Yasser Arafat, died of a heart attack.

Ex-Chief of Stasi Loses His Appeal

New York Times Service

BERLIN — Germany's highest criminal court on Friday rejected an appeal by the former head of East Germany's Stasi security police to rescind his conviction for murdering two policemen in 1931.

The Federal Court of Justice turned down requests by both the prosecution and the defense to revise the six-year jail sentence imposed on Erich Mielke, 87.

Yisrael Gali, who invented the Galil sub machine gun and assisted in the creation of Israel's famed Uzi assault weapon, died Thursday in Jerusalem after a heart attack.

General Peled met with the PLO chief, Yasser Arafat, in 1983, a decade before Israel made peace with the PLO in an agreement signed in Washington in September 1993.

Edward Bernays Dies at 103, Public Relations Pioneer

NEW YORK (NYT) — Edward L. Bernays, 103, an early leader in the public relations field who devised or developed many techniques for influencing public opinion, died Thursday at his home in Cambridge, Massachusetts.

He was one of the first people to expand what had been a narrow concept of press agency, or working to influence government policy, into a far more ambitious realm of seeking to influence and change public opinion and behavior.

He helped shape public relations by favoring the use of endorsements from opinion leaders, celebrities, doctors and other "experts" to strengthen the arguments his clients wanted to make. In addition, he favored surveys, releasing the results of experiments and polls to make a better case for his clients' positions and products.

Yisrael Gali, who invented the Galil sub machine gun and assisted in the creation of Israel's famed Uzi assault weapon, died Thursday in Jerusalem after a heart attack.

MEMORIAL NOTICE

A memorial service for Max Rudolf

will be held on Sunday, March 12th 1995 at 3 P.M. in the Curtis Hall of the Curtis Institute of Music 1720 Locust Street Philadelphia, PA 19103

General Peled was a member of Parliament from 1984 to 1988 for the Progressive Party for Peace, which called for the establishment of a Palestinian state alongside Israel.

In 1956, he served as military governor of the Gaza Strip after

AMERICAN TOPICS

Foam Block 'Flypaper' Stops Planes From Rolling Too Far

The Port Authority of New York and New Jersey plans to pave the ends of some runways at Kennedy, La Guardia and Newark airports with foam blocks, as a kind of flypaper for airplanes that roll too far. The New York Times reports. They would be the first airports in the world to use such a system.

Nearly a year ago, a Continental Airlines MD-80, in an aborted takeoff at La Guardia, ended up with its nose in the mud of Flushing Bay. None of the 110 passengers was injured in the accident itself, but 29 passengers and the co-pilot were hurt in the evacuation.

The Port Authority's runways all meet the minimum-length requirements for the kinds of planes they handle, but many lack the 1,000-foot (300-meter) overrun areas that are required at newer airports.

The Soft Ground Arresting System

will be made up of blocks like Styrofoam, but harder. The blocks are strong enough to support emergency vehicles like fire trucks, but give way under the weight of the main landing gear of a big jet. In an accident, the jet would use up its energy as it carved ruts into the material, much like the gravel on ramps beside mountain roads for runaway trucks. At the Federal Aviation Administration's test center in New Jersey, a Boeing 727 traveling at 50 knots was stopped in 400 feet, without using brakes. The FAA has spent \$1.2 million to develop the foam beds. The Port Authority will spend \$4.5 million to outfit five runways with the blocks.

Short Takes

Deaths from heart disease dropped by 30 percent in older white women taking estrogen for at least 10 years, according to researchers at the University of Pittsburgh. Most of the benefits lingered even in women no longer taking the drug, who still had a 20 percent reduction in heart disease deaths. The study adds to a growing body of evidence that estrogen can reduce women's deaths from heart disease. In November, a U.S. government study found that estrogen cut the risk of

heart disease by 25 percent in women aged 45 to 64. The new study showed that estrogen use is linked to a similar drop in deaths in women aged 65 to 74. The study did not find any benefits in women 75 or over, or in women who took the drug for less than 10 years.

A full moon heats the Earth perceptibly, although not enough for anyone to need moon-glasses or moonblock, scientists at Arizona State University said. In the journal Science, they reported that 17 years of satellite readings show that a full moon heats the Earth a little more than one hundredth of a degree Fahrenheit. In the darkness of a new moon, they say, average temperatures drop just about as much. They are uncertain whether the variation is caused by solar energy bouncing off the moon, or whether something more subtle linked to tides or magnetic fields may be at play.

Charlie Chaplin made his first full-length film, "The Tramp," in 1915. Jim Goldner, a professor of cinema at San Francisco State University, says that to help the publicity along, Chaplin, incoherent, entered a Chaplin look-alike contest in Pasadena, California. "Chaplin came in third," the professor recalls. International Herald Tribune.

Away From Politics

Thousands of water-weary residents have packed their bags and fled to higher ground in Guerneville, California, for the second time in two months as a result of storms in Northern California. Many rivers overflowed as heavy rain continued to soak the area. (AP)

A Polish man who was going to be deported committed suicide by setting

himself on fire at an International Red Cross office in New York. "He was going to be deported back to Poland and he wasn't satisfied with the assistance they were giving him," a police spokeswoman said. (AP)

Four fire fighters were trapped inside a burning building in San Francisco after an automatic garage door slammed shut and could not be opened from the inside. One was killed and three injured. Fire fighters on the outside had to knock a

hole into the door to pull them out. (AP) A U.S. Navy employee shot two co-workers and then killed himself after an argument at the Naval Air Systems Command in Arlington, Virginia. (AP)

The body of a young woman, burned beyond recognition, was found in Brownsville, Brooklyn, less than a week after the police found the charred body of a 20-year-old woman in a vacant house. The police said they had no specific evidence to link the two cases but added that there were some similarities. (NYT)

Social Summit Forges Plan to End Poverty

Reuters

COPENHAGEN — Delegates to the World Summit Meeting for Social Development agreed on a plan Friday to end poverty and social injustice to be adopted by world leaders, but warned that results would not come quickly or easily.

The Summit Committee chairman, Juan Somavia, announced that a draft resolution over which governments argued all week was "basically finished," with only the wording of a clause on the logistics of development still to be finished.

Mr. Somavia, Chile's chief delegate to the United Nations

and a principal force behind the meeting, said the declaration of war on poverty was a radical departure from previous approaches to the problem.

"I truly believe this is a historic commitment," he said. "We have been talking about tinkering with poverty — what we are saying here is that poverty should not exist."

Developing countries, home to most of the world's 1.3 billion poor, said they were satisfied.

"It will lead to very real steps that will allow us to work together to cut poverty around the world," said Clelio Habito,

the Filipino chairman of the organization of developing countries known as the Group of 77.

UN officials said the summit resolution would have the final seal of approval of all delegations before being translated into six languages and sent to the printers.

Prime Minister Li Peng of China, Fidel Castro of Cuba, and Presidents Nelson Mandela of South Africa, Kim Young Sam of South Korea and Alberto Fujimori of Peru were among the early arrivals for a weekend gathering of more than 100 world leaders.

But some key leaders are staying away, including President Bill Clinton and Boris Yeltsin.

The Copenhagen conference, billed as history's biggest gathering of world leaders, seeks to eradicate poverty, slash unemployment and battle social inequalities — aims that aid and charity groups say are overly ambitious and too broad.

In the first major protest of the weeklong conference, about 500 leftists marched for three hours through the Danish capital, carrying banners saying: "End World Hunger, Eat the Rich!" and "United Against the New World Order!"

POLITICAL NOTES

States Compete on Welfare Reform

NEW YORK — In state capitals around the country, welfare reform has turned into a free-for-all. Forty-four states are now experimenting with some kind of changes to their welfare system and, as one statehouse vies to outdo another, each new experiment grows bolder than the last.

Driving the change is the belief that welfare does not work, that it wastes money and encourages a culture of dependency and abuse among the poor. The movement in Congress to turn over increasing responsibility for social programs to the states is based on the idea that decentralized federalism will result in more efficient government.

But some of the architects of the new state programs say they have become locked in competition with neighboring states to find out who can do the best job of driving the poor out of their state or keep them from coming in. "In counties like Milwaukee County, something like 30 percent of the folks applying for welfare are from out of state," said John Gard, chairman of the Wisconsin Assembly welfare reform committee. "Our basic idea is that the system has to stop giving people additional incentive to come to Wisconsin solely for benefits." (WPI)

House Votes Punitive Damage Limit

WASHINGTON — The House adopted Republican legislation Friday on limiting punitive damage awards to \$250,000 in all federal and state civil lawsuits, including product liability cases.

The lawmakers voted, 265 to 161, for the bill, the third in a trio of business-backed measures adopted this past week to overhaul the civil legal system.

In shaping the punitive damages bill before the final vote, the Republican-controlled House gave doctors and drug companies long-sought victories. The lawmakers voted Thursday night to limit pain and suffering damages in medical malpractice cases to \$250,000. (AP)

Arkansas Banker Rejects Charges

LITTLE ROCK, Arkansas — An Arkansas banker has pleaded not guilty to federal banking law charges stemming from Bill Clinton's 1990 campaign for governor.

A lawyer for the banker, Neal T. Ainley, said everything that his client had done in connection with the campaign's finances had been approved by the bank's owners, who included a political ally of Mr. Clinton's. The lawyer, Jay Bequette, also said that Mr. Ainley had rejected a proposed plea agreement offered by the Whitewater independent counsel, Kenneth W. Starr.

Mr. Starr, in an indictment returned last week, accused Mr. Ainley of failing to report cash withdrawals in excess of \$50,000 from accounts at the Bank of Perry County maintained by the Clinton campaign. (NYT)

Quote / Unquote

Paul A. Volcker, the former chairman of the Federal Reserve, testifying before a Senate committee on support for Mexico: "We can argue about the nature and size of that support, the relative responsibilities of the U.S., other countries and the International Monetary Fund and other multilateral institutions. What can not, in my view, be disputed is that it was appropriate for us to act and act with dispatch." (AP)

Ex-Chief of Stasi Loses His Appeal

Reuters

BERLIN — Germany's highest criminal court on Friday rejected an appeal by the former head of East Germany's Stasi security police to rescind his conviction for murdering two policemen in 1931.

The Federal Court of Justice turned down requests by both the prosecution and the defense to revise the six-year jail sentence imposed on Erich Mielke, 87.

Yisrael Gali, who invented the Galil sub machine gun and assisted in the creation of Israel's famed Uzi assault weapon, died Thursday in Jerusalem after a heart attack.

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Christopher Tells Arafat to Toughen Stance on Terrorism

By Barton Gellman
Washington Post Service

GAZA — Secretary of State Warren M. Christopher told Yasser Arafat on Friday that he must take concrete steps to show "that Gaza cannot be a safe haven for the terrorists," but he softened his admonition to the Palestinian leader with promises of added economic assistance.

Participants in the hourlong meeting said Mr. Christopher had emphasized two measures that Mr. Arafat has yet to take after months of promising to crack down on Islamic militants: seizure of their weapons and prosecution of those responsible for attacks on Israel.

The U.S. official said that Washington, for its part, would try to "push" fellow donors to pay \$26 million in unfilled pledges of financial aid to the Palestinians.

Mr. Christopher also announced a gift of 200 U.S. military surplus trucks and spare parts, together with American offers of expertise on agriculture and medical care.

In an appearance with the Palestine Liberation Organization chairman, who has run a limited self-rule authority here and in the West Bank town of Jericho since July, Mr. Christopher said, "Chairman Arafat has assured me that he is undertaking vigorous new measures to preempt and fight terror."

"I have no magic stick," Mr. Arafat replied, repeating a stock line, "but we are doing all our best."

Mr. Arafat said publicly Friday, as he did privately in a meeting on Thursday with Foreign Minister Shimon Peres of Israel, that his police had thwarted 10 recent attempts by extremists to mount attacks on Israel. He gave no details at a news conference, and U.S. diplomats said he had provided few in private.

"There are, let's put it mildly, discrepancies between what we know and what we are told about such successes," said an Israeli official, reflecting a general skepticism. "But whether or not they stopped 10 attacks, the end result is that it's calm now, and this is exactly what was needed to create a better atmosphere."

When Prime Minister Yitzhak Rabin met Thursday evening with Mr. Christopher, according to new details emerging from interviews Friday, he said that he had eased — but had not ended — a blockade of Lebanon's fishing ports as a goodwill gesture for the duration of Mr. Christopher's regional mission.

The blockade arose from a dispute with the Beirut government over its treatment of residents of the Israeli-occupied "security zone" in the south.

Mr. Rabin, according to aides, asked Mr. Christopher to convey to President Hafez Assad of Syria that he was ready to come to peace terms and that there was still time for his government to complete an agreement.

Mr. Rabin must call elections by June of next year, and polls now show him trailing Benjamin Netanyahu, leader of the opposition Likud bloc.

Mr. Netanyahu visited Mr. Christopher in his Jerusalem hotel room Friday, and the two men disagreed fundamentally on the direction of talks with Mr. Assad and Mr. Arafat.

In an interview afterward, Mr. Netanyahu said that he had told Mr. Christopher that the Israeli public would reject a deal to return the territory taken from Syria in 1967.

"If we remove the Israeli armored force from the Golan Heights, we recreate an option for war" by Syria, Mr. Netanyahu said he told the secretary of state.

The peace agreement with Mr. Arafat, the Likud leader said, had already been "vitiated of any meaning" because "not a single line of that agreement has been kept by the PLO."

Snubbed last month in Washington when he sought a meeting with President Bill Clinton, Mr. Netanyahu expressed irritation Friday when Mr. Christopher's aides refused to allow a photo session of the two men together.

"All previous U.S. administrations made it a point to diligently avoid any involvement in Israel's domestic political scene, as we have made it a point to avoid any intervention in the American political scene," Mr. Netanyahu said.

Hitler's Uniform Displayed At Russia Military Museum

The Associated Press

MOSCOW — After 50 years of being locked up in a basement, Hitler's uniform and boots went on display Friday at the Russian military's museum — but only after some officials argued they should be displayed like old rags.

"Some suggested showing Hitler's jacket just tossed on the floor all crumpled up," said Colonel Alexander Nikonov, head of the museum. "But no museum in the world does this."

Hitler's uniform, one of Hermann Göring's overcoats and other relics of Nazi Germany were put on display to mark the 50th anniversary in May of the end of World War II in Europe.

GORBACHEV: Speaking Out

Continued from Page 1

future for himself, many Russians seem more intent on punishing him for his past. It can turn petty; returning from a recent trip to Germany, Mr. Gorbachev fumed helplessly as a Russian airport security guard insisted on inspecting all his luggage.

There was no more vivid display of the political purgatory that Mr. Gorbachev finds himself in than a recent taping of Press Club, a talk show that was dedicated to commemorating perestroika.

It was the former Soviet leader's first long national television appearance since he resigned, but any hopes he held of making a direct appeal to the Russian public were dashed by the host, who opened the program by instructing the famously verbose Mr. Gorbachev to keep his comments short.

Other guests, academics, journalists, and politicians spoke at length of their feelings about the tumultuous decade. But few seemed interested in soliciting the views of the guest of honor, who sat on a couch, frowning, his arms tightly folded as the discussion arched over his head. At one point, he burst through.

"If I am such a hero of newspapers and magazines, why is it I can't speak here, my first appearance on television?" he asked the host. "I want to say something."

But what Mr. Gorbachev wanted to discuss — the need for a return to orderly, gradual economic reform — was not on the agenda. When guests spoke of Mr. Gorbachev, they did so in the past tense, referring in lofty Shakespearean tones to "the tragedy of Gorbachev."

He insisted he would press Mr. Yeltsin to hold elections in 1996, and if he felt like it, run in them. "I will move for free elections despite the fact that I am described as politically inept — thank God not in another way — that people say Gorbachev is yesterday's man."

Ten years ago, Russians were bedazzled by the young, energetic Soviet leader who promised to heal the paralyzed economy and introduce pluralism to a nation that had lived under more or less authoritarian rule for more than 1,000 years.

His kinetic style of leadership, his penchant for leaping out of limousines to exhort passers-by to embrace freedom and responsibility, was astounding to a people inured to remote, fearsome dictators. His goal of liberalizing the economy, and society, was revolutionary. Later, his willingness to end the Cold War, even on terms favorable to the West, stunned the world.

The elation died down as economic reforms became stymied by an entrenched Communist bureaucracy and a gigantic collectivist system jerry-rigged against change. Mr. Gorbachev's zeal to change Russian habits overnight, including restricting the sale of vodka, met with fierce resistance.

Even as he was gingerly introducing a form of capitalism, Mr. Gorbachev never stopped believing that he could soften the Communist Party's grip on society without surrendering it altogether. His inconsistencies enraged hard-line Communists and alienated more radical reformers, including Mr. Yeltsin, who was removed as chief of the Moscow Communist Party in 1987.

"The Soviet system was a dam into which Mr. Gorbachev punched some holes to make the water flow better," said the Russian historian Roy Medvedev, a longtime dissident whose books were banned until Mr. Gorbachev allowed them to appear. "But he found out too late the whole dam was rotten."

The anniversary of Mr. Gorbachev's rise to power has led to a small flurry of articles and essays about him. There is a small perestroika wing in an annex of the Museum of the Revolution in Moscow, but it offers only a few photographs of the former leader. The displays chronicle mostly the tumult of his times and Mr. Yeltsin's — ethnic unrest, the unsuccessful hard-line Communist coup in 1991, the attack on Parliament in 1993.

Perhaps the most generous appraisal came from the ultranationalist Vladimir V. Zhirinovskiy, who, in an article in *Pravda*, placed Mr. Gorbachev alongside Napoleon, Peter the Great, and Lenin. Mostly, the article signaled that Mr. Zhirinovskiy does not consider Mr. Gorbachev much of a threat in future elections.

The anniversary has revived a political parlor game of debating exactly where Mr. Gorbachev went wrong. At the television taping, Genghis A. Arbatov, the head of the Institute of U.S. and Canadian Studies, pronounced that Mr. Gorbachev's biggest mistake was yielding to Pothuro hard-liners late in his tenure.

Mr. Medvedev suggested the opposite, pinpointing the Soviet leader's squeamishness about sending troops to stop ethnic fighting in what were then the Soviet republics of Georgia and Armenia in 1990 as his downfall.

But all remember the critical moment on Aug. 22, 1991, right after the coup collapsed, when a shaken Mr. Gorbachev refused to condemn the Communist Party — even as rejoicing demonstrators throughout the Soviet Union were pulling down statues of Lenin. Bullied by an ascendant Mr. Yeltsin, who had bravely led the resistance to the coup, Mr. Gorbachev disbanded the party two days later, but his hesitation had already sealed his fate.

Balladur Urged To End Campaign

Agence France-Presse

PARIS — An influential figure on the French right called Friday for Prime Minister Edouard Balladur to withdraw from the presidential race, amid a slump in his opinion poll score.

The call by Pierre Mazeaud, head of the legal commission in the National Assembly, came amid an increasingly virulent split in the right between supporters of Mr. Balladur and Jacques Chirac, the mayor of Paris.

In a statement from Tahiti where he is visiting, Mr. Mazeaud called "formally" on Mr. Balladur to step down amid what he said "seems to be a rejection by voters." He said that if Mr. Balladur withdrew the confusions on the French right would be clarified. Mr. Mazeaud is a long-time supporter of Mr. Chirac.

JOB:

Markets Surge

Continued from Page 1

year's strong increase. "If the reason for the weakness of the dollar was a general reassessment of an economy growing more slowly," said Mr. Lipsky, "then today's figures mean that reassessment has taken place."

The assessment coincides with that of other analysts that risks to the dollar would revive if the finances of Mexico or other Latin American countries continued unraveling and put more pressure on U.S. banks and the U.S. Treasury. Geoffrey Bell, an economic consultant with broad experience in Latin America, said he believed that "Mexico is the critical thing; if it had turned up negative again today, it would have swamped the markets."

Analysts on Wall Street and in London remained divided on whether new threats to the dollar would arise.

Brendan Brown of Mitsubishi Finance in London said the employment report provided "a window of opportunity for the Fed, and if they don't do something soon, the dollar will be in trouble again."

But Robert Falconer of Aubrey Lansdon & Co., a Wall Street bond firm that tracks the Fed closely, disagreed and said it would be "politically and socially unacceptable for the Fed to grill the economy."



Finance Minister Guillermo Ortiz, center, announcing austerity measures in Mexico City. On Friday, the United States began to release financial aid.



Treasury Secretary Robert E. Rubin at the Senate Banking Committee hearing Friday on the Mexico rescue plan.

MEXICO: U.S. Releases Peso Aid

Continued from Page 1

excess of the Mexican products we exported," Mr. Ortiz said.

"The situation is similar to that of a family that spends more than it earns, having to cover the difference with borrowed resources."

The price Mexico must pay for living beyond its means, he added, will be steep. "The short-term adjustment will be difficult for all Mexicans," he said, adding, "There are no easy solutions."

Mr. Ortiz said it was unquestionable that Mexico would experience a sharp economic contraction for the rest of 1995 as the government took deliberate steps to slow the economy and bring down Mexico's mushrooming current accounts deficit — a broad measure of its total debt versus income.

Also to comply with U.S. stipulations for the loan guarantee, he said, the government would impose new revenue-raising measures, including increases in taxes and fuel and transportation costs. Government spending will be cut by 9.8 percent this year, he added.

The federal sales tax tacked onto virtually all consumer purchases will be raised as of April 1 from 10 percent to 15 percent. Fuel prices will increase 35 percent, and then be allowed to rise 0.8 percent a month. Household electricity prices will go up 20 percent. Government-regulated usage fees for all airports, ports and toll roads will be allowed to go up 2.5 percent a month.

The plan has "high costs for the population," Mr. Ortiz said, "but the costs are less high than those of any alternative."

(AP, WP)

JORDAN:

Bye-Bye Baseball

Continued from Page 1

and then sink to third — without developing a chip on your shoulder.

Winter in the Midwest can be grim, but for three glorious years Chicagoans were privileged to spend the coldest months watching one of the greatest basketball players ever to shiver the boards carry an otherwise just fairly good team to the top.

Even after Mr. Jordan switched to baseball, people in Chicago still clung to the notion that he would return to the Bulls one day.

"As soon as I walked in the club this morning, several people came up to me and said, 'Do you think it's true? Do you think it's true?'" said Jack O'Malley, the Cook County state's attorney, who was jogging on a treadmill in the downtown health club where Mr. Jordan sometimes works out.

"I've already sensed kind of a palpable rise in the level of enthusiasm among Chicagoans and I don't think it's entirely attributable — try to say the word attributable when you're running like this — attributable to the beautiful sunshine today."

Since Mr. Jordan retired, it's been two bitter seasons of watching it all unravel. As the Bulls dissolved, acrimony and backbiting replaced championship rings and tears of joy. But late this week, as rumors swirled like Chicago's famous winds, words of hope seemed to arrive from everywhere: Michael's coming back.

In Washington, while talking about a drop in unemployment rates, even the president had Michael in mind.

"As of today, the economy has produced 6.1 million jobs since I became president," Mr. Clinton said, "and, if Michael Jordan goes back to the Bulls, it will be 6,100,001 new jobs."

Marriage Rate In France Sinks To a New Low

Agence France-Presse

PARIS — The number of weddings in France, in decline over the past 20 years, has sunk to the lowest level this century, official statistics showed Friday.

A study published by the national statistics institute, INSEE, said that in 1993 a total 255,200 French couples got married, a 6 percent drop from the previous year.

It added that according to provisional figures for 1994, the number was expected to stabilize at about 254,000.

The dip in the number of weddings began in 1973 and slid until 1987. After an upturn starting in 1988, the downward trend resumed in 1991.

The report also noted that the average age of people marrying for the first time was continuing to rise: 29 for men and 27 for women.

ALGERIA: Bombing Wounds 63

Continued from Page 1

the car bomb exploded in Kouba, a Muslim fundamentalist bastion with several housing developments for government workers.

It was the second major bombing in six weeks in a country frightened by a year of violence in which at least 10,000 people, mostly ordinary civilians, have died. An unknown number of police and army personnel and fundamentalist fighters also have been killed.

On Jan. 30, a car bombing outside police headquarters in central Algiers killed at least 42

people and wounded more than 250, mostly civilians. The Armed Islamic Group took responsibility for the attack and vowed to carry out similar assaults until the government is overthrown or capitulates.

A flurry of violence in the past few days has stemmed from the killing of 96 prisoners, mostly fundamentalists, during a mutiny at a jail in the capital. Islamic opponents have accused the government of a massacre, and on Friday the Armed Islamic Group reiterated its vow to avenge the dead inmates.

Doctors' Decision on Dying Child Upheld in U.K.

Reuters

LONDON — A British court ruled Friday that judges had no right to question a decision by doctors to refuse more treatment to a 10-year-old girl dying of leukemia, overturning an earlier ruling by a lower court.

The Court of Appeal's ruling in favor of the health authority in the highly emotional case sets

a vital precedent for terminally ill patients fighting for a share of the limited resources of Britain's state-run health service.

Doctors in Cambridge said they could not justify chemotherapy and a second bone marrow transplant for the child, referred to as "Girl B." Her chances of survival would be about one in 10, while the

£75,000 (\$120,000) cost of the treatment could be better spent helping others, they argued.

Earlier Friday, the High Court in London, hearing a challenge by the girl's father, ordered the Cambridge health authority to reconsider its refusal to treat the child. The health authority instantly appealed, and the appeals court deliberated for four hours before overturning the ruling.

Stories of the girl's plight have prompted an outpouring of help from sympathetic newspaper readers and wealthy benefactors.

U.S. Decision Angers Britain

Reuters

BELFAST — Britain expressed anger on Friday over President Bill Clinton's decision to welcome Gerry Adams to the White House and let him raise funds for his Sinn Féin party, the IRA political wing.

Infuriated at the U.S. opening to Mr. Adams while the Irish Republican Army retains weapons, London also said a statement by Mr. Adams on Thursday contained no new initiative about how the arms could be given up.

SICILY: After Decades of Neglect, Palermo Moves to Salvage Its Treasures

Continued from Page 1

The Villa Malitano, built by an English merchant family that made its fortune in Marsala wine, was left standing, guarded by a private foundation set up after the death of its last occupant in 1971.

Since then, the villa has been open by appointment, and for a brief period, mothers with strollers were allowed to walk in the park on weekdays. The limited access ended after a suspicious fire last May.

For the moment, Vivona students are studying the villa's architecture, its history and its collection of exotic plants and trees.

But for five days in May, they will play host as the villa is opened to the public during a citywide memorial for the city's most famous Mafia fighters, Giovanni Falcone and Paolo Borsellino, judges who were killed in 1992.

Mafia Boss Gets Life Term

The Mafia's captured "boss of bosses," Salvatore (The Beast) Riina, has been sentenced to life imprisonment for the seventh time, wire services reported Friday, quoting court sources.

The sentence was passed late Thursday by a court in Palermo, where Mr. Riina, arrested in 1993 after 23 years on the run, had been on trial for four killings in the 1980s.

The police in Rome, meanwhile, arrested Francesco Barba, a Mafia chief who has been on the run for almost a year, judicial officials said Friday. Mr. Barba, 41, heads the Stella, a Sicilian Mafia clan independent of the island's dominant Cosa Nostra organization.

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Bomb and Gunfire Kill 11 in Karachi After Shiite Prayers

By John F. Burns
New York Times Service

KARACHI, Pakistan — At least 11 people were killed Friday in a massacre at a Muslim prayer hall that began with a car bomb explosion and continued with masked gunmen firing volleys of automatic rifle fire at panicked worshippers.

The attack came barely 48 hours after Pakistan was stunned by the slaying of two Americans while they were driving to work at the U.S. Consulate.

The attacks intensified a feeling among Karachi's population of more than 10 million that the

long history of ethnic, religious and criminal violence here, responsible for more than 7,500 deaths in 30 months, has taken a sharp turn for the worse.

The attack on the prayer hall in a working-class district of east Karachi was the third in less than two weeks on a gathering of the city's Shiite Muslim minority. Twenty people were killed in two attacks on Shiite mosques in February.

This time, the fury of survivors and relatives of the dead was intensified by the fact that several of those killed were small children, who gathered every Friday outside the prayer hall to beg for alms.

One survivor, Mubarak Haider, said he saw one of the gunmen leveling his AK-47 rifle and

firing at a small girl named Selma as she fled the turmoil, striking her in the back.

It was not immediately possible to determine whether Selma was among the dead, or among at least 22 people who were wounded in the attack.

As in the case of the two murdered Americans, whose bodies are to be flown back to the United States on Saturday, the police appeared to have no leads on the identity of the attackers.

At the scene, families blamed the massacre on militant adherents of groups professing the Sunni form of the Muslim faith, which is the majority creed among Pakistan's 120 million people.

But the crowds that gathered after the massacre directed their fury less at the attackers than at

the government of Prime Minister Benazir Bhutto, which, like several governments before it, has seemed unable to contain the hatreds that have driven the violence here, or to provide even a semblance of lawful order.

"Why can't the government protect us?" the crowds shouted. "Why don't they let us protect ourselves?"

For Miss Bhutto, who was flying to Karachi on Friday night from Islamabad, the capital, the situation posed grave political risks. She has been bitterly criticized for squandering her energies on a political vendetta with her predecessor as prime minister, Nawaz Sharif, now the opposition leader.

BRIEFLY ASIA

Demolitions Protested in Shanghai

SHANGHAI — Hundreds of demonstrators blocked Shanghai's "Golden Mile" shopping strip Friday for the second consecutive night to protest the demolition of old city neighborhoods.

Middle-class residents of Huai Hai Road, home to fashionable boutiques selling Japanese cameras and Italian handbags, virtually sealed off an entire city block in a standoff with the police.

Residents said they were told Thursday by housing authority officials that they had to move out of their low-rise apartments by June to make way for a commercial development.

Resentment has been simmering for several years in China's largest city as entire neighborhoods have been flattened to make way for gleaming shopping plazas, hotels and commercial buildings in a feverish construction boom.

There have been numerous small-scale protests, but until Thursday evening, when Huai Hai residents took to the streets, anger had never bubbled over on such a scale.

The crowd of 200 to 300 people was mostly good-natured, as were police officers wearing motorcycle crash helmets, who directed traffic away from the stretch of road lined with neon advertisements for Japanese whiskey and French lingerie. (Reuters)

Kabul Quiets Down After Clashes

KABUL — The Afghan capital was calm Friday, a day after sporadic clashes in the southwest of the city between forces of President Burhanuddin Rabbani and fighters of the Taliban Islamic student militia.

The city itself was "very quiet," residents said, although there were reports of small-scale fire in the west of the city between forces of the Islamic Coalition Council of Afghanistan and Rabbani troops. (AFP)

5 Pipeline Workers Slain in Burma

BANGKOK — Five members of a natural-gas pipeline survey team were killed and 11 wounded by heavily armed attackers near the village of Kambank in Burma, the French oil company Total said Friday.

The victims were Burmese nationals, a Total spokesman, Joseph Daniel, said in Paris. The wounded were taken to Rangoon.

The attack Wednesday was carried out by a "solidly armed force" and occurred as the Burmese workers were carrying out preparatory work on the project, Mr. Daniel said.

The pipeline is being built by Total and California-based Unocal.

When completed, it will carry gas from the coast of Burma to Thailand, going through areas of southeastern Burma in which Karen and Mon ethnic-minority guerrillas operate.

"We have no idea who is responsible for the attack, and no one has claimed responsibility," Mr. Daniel said. (Reuters)

Tibetans in Exile Mark 1959 Uprising

Compiled by Our Staff From Dispatches

KATMANDU, Nepal —

The police broke up a demonstration by more than 2,500 Tibetan protesters at a Buddhist shrine near Katmandu on Friday when they tried to march on the main street raising signs denouncing China, a police source said. No arrests were made, the source added.

More than 10,000 Tibetan refugees and monks living in Katmandu attended a prayer meeting at the Boudha Nath stupa to mark the 36th anniversary of an uprising against the Chinese occupation of Tibet.

The Tibetans lit 10,000 lamps around the shrine and burned incense to mark the occasion, witnesses said. Some then tried to stage a demonstration, carrying placards reading "Down with China's occupation of Tibet" and "Chinese quit our motherland Tibet," the source said.

Police officers used batons on the demonstrators, but no

serious clash occurred, the authorities said.

More than 400 Tibetans marched Friday through New Delhi, the capital of India, to express their anger at Chinese rule in their Himalayan homeland.

Chinese troops entered Tibet in 1950 and overthrew the Buddhist theocracy. On March 10, 1959, Tibetans rebelled against Beijing, but the uprising was put down and their spiritual leader, the Dalai Lama, fled to India with thousands of his followers. He has lived there ever since. (AFP, Reuters)

Cambodia's Forest Shrinks

Reuters

PHNOM PENH — Cambodia's forest cover has fallen to 40 percent because of extensive logging, the agriculture, forestry and fisheries minister said Friday.



A Tibetan monk in New Delhi meditating Friday to mark the 36th anniversary of Tibet's failed uprising against China.

Belgian General Died Of a Drug Overdose

BRUSSELS — A retired Belgian Air Force general linked to a defense contract scandal died of a drug overdose in what appeared to be a suicide, the public prosecutor's office said Friday.

The preliminary autopsy shows that he took a deadly dose of tranquilizers, a spokesman said. He added that it was "almost certain" the death had been a suicide.

The body of Jacques Lefebvre, 64, was found in a hotel room in Brussels on Wednesday. Six small empty bottles of whiskey were found next to his body.

His death followed a Belgian television report implicating him in a scandal in which the Italian firm Agusta allegedly paid bribes to Socialist politi-

cians to secure the sale of 46 helicopters to the military.

General Lefebvre, who denied any wrongdoing, was air force chief of staff when the helicopter contract was signed.

Earlier this week, a new witness linked the Agusta scandal with the as yet unexplained gunning down of a Socialist, André Cools, in 1991.

The witness, Georges Delfosse, says that he learned about the connection while serving a prison term for an unrelated fraud case, and that he went public with the information because he feared for his life.

He said on television that Mr. Cools had been killed because he was unhappy with bribes allegedly paid by Agusta to Belgian politicians. Agusta has denied any wrongdoing.

Nigeria Says It Foiled A Coup by Officers

LAGOS — After days of speculation about coups, Nigeria's military government announced Friday that it had foiled a plot by officers and civilians to topple General Sani Abacha and that 29 people had been arrested.

"From the interim reports which I have received, I am now in a position to confirm that some military officers and civilians had ganged up to organize a coup d'etat against the federal military government," Major General Abdulsalam Abubakar, the chief of the defense staff, said at a news conference.

The news conference followed days of anxiety in Nigeria since local magazines reported Monday that a plot to topple General Abacha had been uncovered and that at least 150 people had been arrested.

"So far, 29 officers and civilians have been arrested," Major Abubakar said, but he declined to name them, saying investigations were continuing.

Hours after the announcement, General Abacha called off a trip to Copenhagen to attend the World Summit Meeting for Social Development, officials said.

Newspapers have published the names of some of the people arrested in connection with the failed coup. Many are known to be close to retired General Ibrahim Babangida, who plunged Nigeria into crisis in June 1993 when he annulled a presidential election believed to have been won by Moshood K.O. Abiola, a businessman.

Italian Brothers' Bid to Cross Arctic Fails as Ice Breaks Up

MILAN — The Italian explorer Reinhold Messner plucked his brother from Arctic waters when their attempt to walk unaided across the North Pole ended close to disaster after just two days, mission coordinators said Friday.

A spokesman for the mission in Milan said Mr. Messner, 50, and his 43-year-old brother, Hubert, had been carried by helicopter to a Siberian base where they were in good health.

The brothers had hoped to become the first people to walk without external support across 2,000 kilometers (1,250 miles) of frozen wastes but had to send up a satellite distress signal when the ice began breaking up around them.

"They were taken by surprise by the breaking ice," said a spokesman, Alessandro Grogna. "In the confusion of that moment of extreme danger, Hubert fell into the water."

Reinhold Messner was the first person to scale Mount Everest without oxygen and the first to conquer all the world's peaks over 8,000 meters (26,250 feet). He already has crossed the Antarctic.

In 1990, he and his brother trekked 2,000 kilometers across Greenland without backup.

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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune

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Sanctions and War Crimes

The tribunal set up to judge war crimes in the former Yugoslavia has indicted a first batch of suspects, but to what end? The particular lever of economic sanctions by which the United Nations meant to pry Serbia into cooperation with the court has meanwhile been diverted to peace-bargaining purposes.

Moreover, the five nations running the negotiation are being urged to spend the sanctions on lesser and unreliable Serbian political concessions. It is conceivable that the sanctions will be doubly wasted and end up serving neither justice nor peace.

There always was a strong case for reserving the sanctions card for war crimes. The West, especially after it had decided against using more than symbolic force to protect Serbia's victims, owed it to them and to other prospective victims to use the slim remaining means to apply the law. Unfortunately, the logic of this position was overtaken by Western weakness. The available means, it was argued, had better be spent to stiffen Contact Group diplomacy, such as it is. It is an unhappy irony that this switch of focus set in just as Richard Goldstone, the formidable South African prosecutor, moved toward trials.

Keep in mind that some of the lighter

sanctions on Serbia (on civilian air links and sports and cultural contacts) have already been suspended — this for supposedly closing its still-porous border with its still-intransigent Bosnian Serbian clients. Early suspension of heavier sanctions (on trade and participation in international organizations and banks) is being promoted by Washington's partners in Europe and Russia. They are visibly impatient at Bosnia's reluctance to accept an outcome that would leave Serbia the triumphant champion of Serbian insurgents in Bosnia — and in Croatia too.

Whether the diplomats can patch up even a miserable solution without another ferocious outburst of war seems at this point dubious. Regardless, there can be no abandoning the obligation to see some justice done in Bosnia. Tactically, it is foolish to let Serbs — the chief offenders, a newly disclosed CIA study confirms — off the hook for their extravagantly cruel deeds. Strategically, it is myopic to ignore how the investigation and trial of these offenses can contribute to eventual revival. It will be very hard to put the top leaders of Serbia and the Bosnian Serbs — currently the West's diplomatic interlocutors — in the dock, but it is essential to try.

— THE WASHINGTON POST.

The Deficit, Then Taxes

The tax cuts from the House Republican "Contract With America" have been reduced to legislative form. The process has not improved them a bit. They remain a bad idea, the revenue loss from which would be more than the sponsors have acknowledged, and more than a government running a deficit of a fifth of a trillion dollars a year can afford to give up.

The cuts would make it harder to reduce the deficit, even if the Republicans do come up with a way to pay for them — which despite their pledges they have not yet done. The stated purpose of several of them is to increase savings and investment, but by leaving the deficit larger than otherwise they would reduce the national savings rate. They are also poorly targeted, and the long-term effect of their enactment would likely be to widen the income gap between the better-off and the rest of society.

The last time the Republicans cut taxes, in 1981, they failed to make the spending cuts to match, and the deficit soared. This time they have said the spending cuts will come first; they are still saying that. But the only specific spending cuts of any size that they have advanced thus far have been in welfare and other programs for the poor; that is not the way to finance tax cuts. It is said they may next propose some generalized entitlement and appropriations cuts, lump sums that they will commit themselves to saving over time without spelling out how. That is not the way to do it either, the more so because they have promised that in cutting they will not touch defense or Social Security and cannot touch interest on the debt. They have left themselves less than

half the budget in which to work. Nor is it just their tax cuts that they have to finance. They have said that they will balance the budget as well. But the more spending cuts they dedicate to the first purpose, the fewer they will have left for the second. That is the problem.

The Republicans keep saying they want to get at the cost of entitlements. The last Congress, at the administration's behest, did put a dent in the net cost of the largest entitlement, Social Security, by subjecting a larger share of benefits to the income tax. The bill that the House Ways and Means Committee will begin marking up next week would repeal that modest step in the right direction. In the name of capital formation, it would also cut the capital gains tax, create a new stream of wholly tax-exempt investment income by expanding the individual retirement account or IRA provisions in current law, and enact a roundabout cut of as much as a third in the corporate income tax by liberalizing depreciation rules. All three of these provisions would be late bloomers. Two are set up in such a way that they look as if they would even raise revenue in the first years. That masks the full effect that they would have in terms of revenue lost; it would not be felt until after the five-year estimating period. Who will pay for that?

These are damaging proposals — and unfortunately, the Clinton administration has already weakly concurred in some of them. We suppose they are likely to pass the House. In the Senate, however, some Republicans as well as some Democrats are saying that spending and the deficit should be cut first. They are right.

— THE WASHINGTON POST.

Fight Fat, Fight Yourself

Every year Americans spend \$40 billion on books, diets, gadgets, pills and powders that promise to help them lose weight. Many complain that it is hard going, that the pounds that were gone by Tuesday have returned (with an extra) by Sunday. Skeptics may suspect them of sneaking chocolates. The skeptics should hang their heads. According to a study by researchers at Rockefeller University in New York, the body has a mind of its own — and it is bent on getting back to its prediet weight.

The Rockefeller group recruited 41 people, all of whom were required to live at the university's clinical center while their diet and activities were carefully controlled and rigidly monitored. Of the total, 18 were obese and the 23 others were of normal weight. Both groups

burned calories more slowly than normal after they had lost weight and faster than normal when they had gained it. Always their bodies, by adjusting their metabolisms, were seeking to maintain their "natural" weight.

The study suggests that the body adjusts its metabolism by altering the efficiency of muscles in burning calories. There is thus an intriguing possibility that scientists may some day learn to manipulate this mechanism, helping you burn off calories. But that is just a hope.

For now, eating less and exercising more are the best available tools for combating the health hazards associated with obesity. The sad message of the new study is, your own body will conspire to make the task very hard.

— THE NEW YORK TIMES.

Other Comment

Peacekeeping in Somalia

What at first seemed like good publicity for participating nations ended in disaster. The United States led, and the Italians, French and Germans followed. The Cold War was over but evidently word that Third World countries were not mere puppets had not gotten around.

When the operation turned out to be bloody rather than slick, the Western nations quickly headed home.

It is too early to predict whether the UN departure will open any doors for a solution in Somalia.

The main UN legacy rests on the gar-

bage of Mogadishu: millions of empty plastic drinking water bottles which they imported from neighboring countries.

— Basler Zeitung (Basel, Switzerland).

The Dollar's Real Problem

As long as the United States does not show a stronger determination to address its macroeconomic imbalances, the dollar will remain greatly vulnerable to bouts of high volatility. That obviously is inimical to sound economic development across the world, given the dollar's status as the currency of international reserves.

— The Jakarta Post.

In Heavy Traffic, NATO Needs a Cautious Redesign

By Jim Hoagland

WASHINGTON — Geography is destiny. In Central Europe, geography is tragedy as well. To live between Germany and Russia is to know for all time that terror and devastation reside on the horizon: You live in history's highway without a guardrail or a stoplight you control.

It is to change this condition that Poles, Czechs, Hungarians and others recently freed from Soviet occupation have reached out for NATO membership.

For some, pushing NATO's border to the Polish-Ukrainian frontier is a way to anchor Germany in the West.

and the American security guarantees that membership brings. The Central Europeans would make destiny less location-driven.

The cause is obviously worthy. But extending the North Atlantic Treaty Organization into Central Europe is neither cost-free nor risk-free for the 16-nation alliance. The grand debate now under way in Western capitals could wind up paralyzing or undermining NATO as it exists today. That risk is not being explained to electorates that would have to pay for and support NATO expansion.

Nor is the public being told in clear terms that for many of its advocates

NATO expansion is spurred by concern about the power of unified Germany as much as or more than fears over the reliability of Russia: Pushing NATO's eastern border to the Polish-Ukrainian frontier is a way to reassure and anchor Germany in the West.

Is NATO expansion the most effective way to achieve such German-centered objectives, however worthy they may be?

Volker Rühe, Germany's affable defense minister, believes it is. Wanting Germany to work closely with its partners rather than go it alone, he seized NATO expansion into Central Europe by the horns and made it his issue last year while others dithered around it. He persisted when Chancellor Helmut Kohl wanted him not to push an initially reluctant Washington, and gradually won the Americans over. If Poland and the others get into NATO soon, they will have Mr. Rühe to thank more than any other individual.

Mr. Rühe was in Washington the other day to push Phase II of the Rühe Plan: To quell the anger and anxiety that his Phase I has caused Boris Yeltsin and Russia's generals, Mr. Rühe suggests that NATO's expansion be accompanied by simultaneous NATO security guarantees for Russia.

These could come in the form of a treaty or an agreement or some other

"parallel structure" that recognizes Russia as a full security partner for NATO. After Russia's fears are dealt with, Mr. Rühe says, a similar NATO arrangement with Ukraine could be put into place.

The point about NATO expansion, Mr. Rühe candidly told me, "is not that Poland is threatened. The point is they need a sense of belonging. . . . What we want is for the German-Polish border to become like the German-French border. When you cross the German-Polish border you don't know you are crossing it. Today crossing the German-Polish border is crossing a border between safe and not safe. You know it."

Mr. Rühe does not see pushing the line farther east once Poland is inside. "I don't think Russia can be a member of the European Union" or of NATO, he said. "It would be odd to think of a giant like Russia being run by the commissioners in Brussels."

Russia's cooperation will be obtained by convincing Moscow "that it is not the old NATO that is expanding." This, the defense minister said with evident sincerity, would be "a different NATO" that has nothing to do with spheres of influence and balance of power politics.

European plans for overhauling NATO are being overlooked by Senate and House Republicans pushing for instant NATO expansion. The Europeans are far more serious about changing NATO's command structure and the organization of the alliance than Americans realize.

President Bill Clinton maneuvers between Senator Dole and Chancellor Kohl. In December he sought to buy time to ease pressures from the Republicans at home and the Germans abroad by getting the alliance to adopt a year-long discussion of membership criteria for new NATO candidates as the first step in expansion.

But France is determined to use the criteria discussion to force a radical redefinition of the mission and future of NATO. Expansion will require a complete rewriting of the NATO treaty, with the European Union signing a new Atlantic charter as an equal partner with the United States, or so French officials argue privately in NATO councils.

Germany does not favor wholesale revision of the NATO treaty. But even Mr. Rühe wants some treaty changes and "a new trans-Atlantic covenant" that would enlarge the political role of the European Union within NATO. Bonn splits the difference between France's sweeping change scenario and America's attachment to the status quo plus.

NATO expansion is not a simple, straightforward debate about whether Poland deserves a better destiny than geographical deal it. It does. How to achieve that destiny is a delicate and dangerous question, however. Americans, Germans, Poles, Frenchmen and everyone else would do well to proceed cautiously in trying to stand in the middle of traffic and redesign history's highway.

The Washington Post.

Tiny Chechnya's Global Aftershocks Could Bring More Chechnyas

By William H. Overholt

HONG KONG — The Russian invasion of Chechnya has global implications, whether viewed from Asia, Europe or the United States.

Three months after Russian forces moved in, they have failed to pacify the territory or install a friendly regime. Grozny, the capital and focus of the invasion, has only 400,000 people. All of Chechnya has a population of 1.3 million, less than one-quarter that of tiny Hong Kong. To draw a parallel, imagine the U.S. invasion of Grenada having dragged on for three months without success.

Russia, formerly a great power, now appears weak. Its military planning has been utterly incompetent, its transport has broken down hopelessly, its technology generally has failed, and its soldiers plainly do not want to fight for the unity of their country.

There are important caveats to this. Russian forces would do much better if they were fighting on the German plains that they were trained to fight on. Russia remains a nuclear power; it could still make much of the planet un-

inhabitable. But after all the caveats have been entered, Chechnya has changed Russia's image into that of a pitiful giant.

There may, as a result, be more Chechnyas to come. It is no longer difficult to write a scenario for them to become a wider conflict that threatens the peace of Europe.

Paradoxically, Russia also appears to be an aggressive, dangerous nation. Although it is fighting for its unity, its conduct in Chechnya is a moral outrage. Russia's action offends its own democratic constitution and contravenes an important international treaty.

The treaty of the Organization for Security and Cooperation in Europe obliges Russia to provide notification of any concentration of 40,000 or more troops. Moscow blatantly ignored this requirement. International sympathy and aid inevitably will decline, and the Yeltsin government will become more isolated.

European foreign ministers meeting in Brussels this week postponed signature of a trade

deal with Russia, citing human rights abuses in Chechnya. The Council of Europe had earlier suspended consideration of Russia's application for membership.

International Monetary Fund loans for Russia have become a moral dilemma after Chechnya. And if President Bill Clinton persists in tying U.S. foreign policy to Boris Yeltsin, he risks a storm of moral outrage.

Within Russia, the consequences of the bungled invasion are even more far-reaching. A young democracy has foundered. According to the U.S. Army War College, the invasion probably was mounted to preempt a Duma investigation of five illegal and unsuccessful coup attempts organized by Moscow's secret services against the government in Grozny.

The conduct of the invasion has contravened the Russian constitution in several ways. Legally, Mr. Yeltsin must report such a military move to the Duma, declare a state of emergency, and get approval of the legislature to

continue the operation for more than three days. He did none of these things. No government in which such important decisions are beyond the ken of Parliament can claim to be a democracy.

Mr. Yeltsin is now isolated from his most powerful bases of political support. Liberals hate him for invading Chechnya. The long-suffering Russian people will be alienated by even greater misery resulting from the financial costs of the invasion. Military conservatives despise the president for deploying inadequate force and humiliating the army.

Senior officers, even generals, publicly denounce Mr. Yeltsin. Clearly, he is frequently uninformed and possibly powerless regarding the detailed conduct of military operations in Chechnya.

The historic tragedy of Russian economic collapse is being exacerbated. Life expectancy has declined to the point where the average Russian lives only to 59 years, while the average Chinese, benefiting from rapid economic growth and rising standards of living, reaches 71.

What Went Wrong in Yugoslavia? Ask the Serbian Politicians

By Anthony Lewis

BOSTON — On Nov. 19, newspapers carried an Associated Press photograph of a 7-year-old boy, Nermin Divovic, lying dead on a Sarajevo street, blood running from his head. A Serbian sniper had shot him.

It was not an accident of war. The sniper had aimed deliberately at a child. So in that photograph there was the question that haunts the whole Serbian onslaught on Bosnia: What can lead human beings to do such things? Politicians can. That is the answer given by the most compelling brief account I have read of what went wrong in the former Yugoslavia. It is an article in the new issue of Foreign Affairs by Warren Zimmerman, the last American ambassador to Yugoslavia before it broke apart.

The politician who more than any other fanned the flames of Serbian nationalism was Slobodan Milosevic. He was driven, Mr. Zimmerman says, "by power rather than nationalism. He has made a Faustian pact with nationalism as a way to gain and hold power." Mr. Milosevic used gruesome propaganda inventions of attacks on Serbs to play on what Mr. Zimmerman calls a "lubricious, paranoid" Serbian view of the past.

A Yugoslav writer told the ambassador: "You Americans would become nationalists and racists too if your media were totally in the hands of the Ku Klux Klan."

"Milosevic is a man of extraor-

inary coldness," Mr. Zimmerman writes. "I never saw him moved by an individual case of human suffering. This chilling personality trait made it possible for Milosevic to condone, encourage and even organize the unspeakable atrocities committed by Serbian citizens in the Bosnian war. It also accounts for his habitual mendacity."

Mr. Zimmerman paints if anything a more grisly picture of Radovan Karadzic, leader of the Bosnian Serbs:

"His apartheid philosophy was as extreme as anything concocted in South Africa. He was the architect of massacres in the Muslim villages, ethnic cleansing and artillery attacks on civilian popula-

tions. In his fanaticism, ruthlessness and contempt for human values, he invites comparison with a monster from another generation, Heinrich Himmler."

The time to have stopped the Serbs, Mr. Zimmerman suggests, was when they shelled the Croatian cities of Dubrovnik and Vukovar in the fall of 1991. Shelling civilian populations was a war crime, he writes, but no Western government called on NATO to use force to make the Serb-dominated federal army stop.

He did not then recommend the use of force, Mr. Zimmerman says: "a major mistake." It would have been easy for NATO aircraft to hit the Serbian artillery around Dubrovnik. The Serbs would have been "taught a lesson about Western resolve. . . . As it was, they

learned another lesson — that there was no Western resolve."

In January 1994, Mr. Zimmerman ended a brilliant career in the Foreign Service, resigning in protest at the Clinton administration's policy on Bosnia.

Anyone who doubted the evil done by Serbs and their leaders in Bosnia should have learned from news of a CIA report on the subject. Roger Cohen of The New York Times wrote that the report found Serb forces responsible for at least 90 percent of the murder and terror of ethnic cleansing (IHT March 9). It said that leading Serbian politicians almost certainly played a part in the systematic criminal effort to eliminate non-Serbs from areas seized by Serbian soldiers.

The CIA report was highly classified. Apart from shielding sources used in its preparation, the only reason to keep it secret was to prevent embarrassment to President Bill Clinton because of his failure to do anything about the Serbian crimes.

The newspaper picture of Nermin Divovic lying dead on the street in Sarajevo moved one American, J. Michael Mahoney of Lakeside, California, so deeply that he felt he must do something. He has established a Nermin Divovic Memorial Scholarship Fund at Phillips Exeter Academy.

But those in power continue to avert their eyes from the horror in Bosnia. The United States and others associated with it in diplomacy now have as their policy trying to wheedle Slobodan Milosevic into being nice.

The New York Times.

No Excusing Those Who Brook the Reverend's Nonsense

By William Pfaff

PARIS — In 1991 the Reverend Pat Robertson, the evangelical television preacher, founder of the 15 million-member Christian Coalition, an influential figure on the American political right, published a book called "The New World Order." It was a direct response to George Bush's proclamation of that supposed new order after the Gulf War.

In this book Mr. Robertson described the threat to American sovereignty posed, he said, by a conspiracy of internationalist forces dominating not only the United Nations but liberal and internationalist political circles within both U.S. political parties.

The book interpreted modern history as manipulated by a conspiracy of "the Illuminati," described by Mr. Robertson as an 18th century secret society which infiltrated and took over European Freemasonry, aided in this by Jewish bankers. He says that it was subsequently responsible for the death of Louis XVI, the Reign of Terror in the French Revolution, and the "commissioning" of the Communist Manifesto.

According to Mr. Robertson, this conspiracy tried in the 19th century to conquer the United States by imposing a national bank, but was thwarted by Andrew Jackson. However, when Abraham Lincoln defied "the monopoly which European bankers exercised" over the currency of the United States, the Illuminati hired John Wilkes Booth to assassinate Lincoln.

The conspirators had their way in the United States "when a German banker, Paul Warburg, succeeded in establishing the Federal Reserve Board, America's private-owned central bank," in 1913.

The purported purpose of the conspirators in our century has been to amass profits from loans to governments forced by the world wars and the Cold War to run deficits and borrow money from the conspiracy's banks.

Mr. Robertson implies that the wars themselves were instigated by the Illuminati. However, this cabal's ultimate goal "is nothing less than a new order for the human race under the domination of Lucifer and his followers."

Last month Michael Lind discussed this book in The New York Review, accusing Mr. Robertson of anti-Semitism, an accusation also made by the B'nai B'rith Anti-Defamation League and the New York Times columnist Frank Rich. Mr. Robertson issued a statement denying that he "would ever embrace theories that would cast doubt upon the Jewish community." Prominent Jewish neoconservatives, including Midge Decter, Irving Kristol and Mr. Kristol's son, William Kristol, the Republican strategist, have defended him. Miss Decter accused the Anti-Defamation League of an "anti-Christian" and "anti-religious" bias.

Is Mr. Robertson's theory anti-Semitic? Of course it is, at least implicitly. It is a garbled amalgam of various paranoid accounts of occult conspiracy that have circulated among the ignorant and the credulous since at least the time of the Enlightenment and the French Revolution.

This idea of a clandestine alliance over three centuries of "European bankers," Bolsheviks and Socialists, and present-day liberals and internationalists, manipu-

lating governments and inspiring wars for their own profit, has always explicitly or implicitly identified the bankers, Communists and liberals as Jews.

Is Mr. Robertson an anti-Semite? Like many Protestant fundamentalists, he is a firm supporter of Israel. Many fundamentalists see the ingathering of the Jews in the Holy Land as a herald of the New Testament second coming and the impending Apocalypse; Israel's existence is central to their religious commitment and expectations.

Mr. Robertson insists that by "European bankers" he did not mean Jewish bankers. He says that it is his experience "that the international financial community is very diverse and can hardly be described as Jewish."

I am perfectly prepared to believe Mr. Robertson's denials. I also think the important question in all this is one that has not been asked: What does it say about the United States that a man with Mr. Robertson's influence upon the contemporary American political scene, and upon the Republican Party (whose presidential nomination he has sought), should believe and promulgate these confused and paranoid lies about history, and do so without serious challenge? What does it imply about the future?

Liberals attack Mr. Robertson because he and his followers are anti-feminist, against abortion, against homosexual rights, for public school prayers, etc. Indeed they are. Mr. Robertson and his followers are as entitled to their views on these social and value issues as liberals are to theirs.

The issue is stupidity, lies and ignorance, not feminism and school prayer. Mr. Robertson is a public menace because he influences millions to believe in a lie — that the contemporary world is manipulated by a small band of powerful conspirators, dictating the course of history, instigating wars and felling nations.

Mr. Robertson, though, believes in what he says. The Republican politicians and neoconservative intellectuals who defend and cooperate with him should know that all this is dangerous nonsense. They have no excuse.

International Herald Tribune.
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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Venezuela's Anger

PARIS — The action of the Venezuelan Government in handing the Ministers of France and Belgium their passports is likely to lead to a rupture of diplomatic relations. In November 1893 the representatives of Germany, Belgium, Spain and France drew up a memorial protesting the difficulties of European residents of Venezuela. It was not, however, transmitted to the Venezuelan Government until the present time. Finding certain opinions insulting, the Venezuelan Government resolved to return passports to representatives of the four signatories. Germany and Spain being absent, it was only in regard to France and Belgium that the measure was executed.

1920: U.S. Policy Flawed

WASHINGTON — Rear-Admiral Sims testified today [March 10] before the Senate subcommittee that gross mismanagement by the Navy Department during the first 6 months of the war prolonged the struggle four months at a daily cost of 3,000 lives and countless millions of money. He summed up the criticism as "unpreparedness and lack of a well-considered naval policy. For 6 months we pursued a policy of vacillation."

has not been seen since.

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PAKISTAN, ON THE ROAD To Social Development

A Stable Framework Already in Place

Over the last five years, Pakistan's economy has, on average, sustained a high 5.5 percent growth per annum, and significant progress has been made in the areas of structural reforms: introduction of measures in the external trade and payments system; initiation of a wide-scale privatization program; opening up of areas previously reserved to the public sector; relaxation of regulations for foreign and domestic investments; adjustment in administered prices; and financial sector reforms.

Some improvements were also made in the structure of public finances, in particular through the widening of the tax base and the elimination of some tax exemptions. These structural reforms have contributed to gains in total factor productivity and labor productivity, including major gains in the manufacturing sector. As a result of a more liberal policy environment, there have been significant increases in domestic private investment as well as foreign direct and portfolio investment.

Performance 1993-94

The present government has worked toward economic stability in spite of various constraints. Steps have been taken to restore fiscal discipline through a combination of revenue raising and expenditure control measures; measures have been adopted to control the rising rate of inflation via demand and supply-side actions; a policy decision was made to continue with the process of privatization and to make it more transparent; and, above all, bold policy initiatives were taken to overcome infrastructure constraints, particularly in the field of energy.

As a logical consequence of these policies and the expanded reform program put in place in October 1993, 1993-94 has shown a remarkable turnaround.

In overall terms, the government's macroeconomic performance for 1993-94 is on track, bank borrowing for the budget remained within the ceiling of 20 billion rupees fixed for the year 1993-94, changes in net domestic assets have remained well within the programmed target of 11.5 percent, the overall fiscal deficit has been reduced by 2 percentage points of gross domestic product to around 6 percent, gross reserves have increased seven-fold since October 1993 to \$2.3 billion, and good progress has been made in implementing structural reforms, including a social program.

The inflow of foreign investment is increasing. Foreign direct investment increased by 55 percent over the same period last year. The process of privatizing the remaining public sector industries has continued, with a greater emphasis on the transparency of the privatization process.

The new government has also shown

a strong commitment to addressing serious shortfalls in Pakistan's social services.

More structural reforms

While the renewed commitment to restoring economic stability represents a major positive development, Pakistan is still facing formidable challenges that complicate the tasks of economic development and reduction of poverty. Key policy actions geared toward implementing the strategy of macroeconomic stability are embodied in the current year's budget and include implementation of a satisfactory macroeconomic program for 1994-95; deepening structural fiscal reforms by such measures as reducing wide-ranging exemptions in the area of direct taxation, expanding the base of agricultural taxation and continued reform of the GST and expenditure programming in line with the country's development priorities; moving toward indirect monetary controls; further liberalizing the exchange and payments system; implementation of further trade policy reforms, including lowering of maximum and corresponding intermediate tariff rates; and broadening the privatization effort.

Fiscal year 1994-95

The budget for 1994-95 underpins a financial program designed to reinforce stability. The overall fiscal deficit has been further reduced from 6 percent to 4 percent. Major structural reforms have been introduced in the area of taxation. Taxes on international trade have been drastically reduced by bringing down the maximum tariff from 92 percent to 70 percent. All para tariffs have been abolished. Internal adjustments have been made in more than 5,000 line items in tariff.

The network of VAT sales tax has been expanded, and around 270 items have been added to the list of 468 items subject to sales tax at import and manufacturing stages. Excise duty has been made more elastic by converting specific rates into ad valorem rates, and coverage of the service sector has been extended. Coverage of wealth tax has been widened, and the withholding net on income tax has been extended. On the expenditure side, control and monitoring has been streamlined. Growth has been contained to less than the inflation rate. The monetary expansion has been further reduced to a level of 11.8 percent. The current account deficit in the balance of payments has been targeted at \$2.4 billion, or 4.4 percent of GNP, compared with \$2.7 billion (5.3 percent of GNP).

Difficult 1993

Pakistan weathered a difficult year in 1993. The present government, which assumed office in October 1993, showed a good record of economic discipline.

It was braced for difficult but necessary measures to restore discipline.

The government has demonstrated that it has the capacity to deliver. It adheres to a program of liberalization, deregulation and macroeconomic stabilization, on which there is broad national consensus. Prime Minister Benazir Bhutto's government has expressed support for privatization but has emphasized the need for transparency and caution in the disposal of public assets. Her government has defined its economic priorities in the following terms:

- Maintenance of macroeconomic stability with a return to sustainable GDP growth rates.
- Increased commitment to improving literacy, the quality of education and health facilities for the poor. This is to be achieved through a Social Action Program, including measures geared to population control.
- Infrastructure development, particularly in the energy sector and in communications in order to provide public-sector support for the development of industry in the private sector.
- Augmenting agricultural production, which has been somewhat stagnant in recent years.

Outlook for future

Initial successes provide a strong foundation for future policies and programs. The government aims in the next three years to maintain GDP growth rates at about 6.5 percent per annum, to bring down inflation to 5.5 percent by 1995-96, and to reduce the current account deficit, which was 6.3 percent of GDP in 1992-93, to 2.1 percent by fiscal 1996.

These improvements will be based on an increase in domestic savings from 16.4 percent of GDP in this year to 19.9 percent in 1995-96 as well as on appropriate controls on public spending.

On the structural side, the government will continue its policy of broadening the tax base. The government will also continue the process of privatization, which will include banks and the industrial units still under government control. The program will also be extended to the power and telecommunications sectors. The government will, however, try to ensure that public-sector monopolies are not converted into private-sector ones, and that the consumer's interest is not ignored. The government will continue to look at additional government activities that have the potential of being privatized.

Both Pakistan's president and prime minister were educated at Oxford University in England, with the prime minister also studying at Harvard University. Both are committed to upholding progressive policies, including democratic values achieved through due political process.

Focus on Tackling the Drug Menace

Successive governments in Pakistan witnessed the emergence of the narcotics problem, with its roots in geopolitical developments in the region, especially since the invasion of Afghanistan by the former Soviet Union in 1979. Since then Pakistan has been confronting the problems of narcotics production, processing, trafficking and abuse. These problems have posed a great challenge to Pakistan. There are now about 1.5 million heroin addicts in the country, and the total number of people abusing narcotic drugs is estimated at 3 million.

Laws framed

The government of Prime Minister Benazir Bhutto has developed comprehensive legislation, including the Control of Narcotics Substance Ordinance, 1995, covering all aspects of narcotics-related offenses.

Enforcement

Authorities have stepped up efforts to fight drug lords. The heroin manufacturing laboratories are being vigorously pursued and destroyed. A total of 170 laboratories have been destroyed since 1992.

UN Convention upheld

Pakistan has signed and ratified the UN Single Convention on Narcotics Drugs (1954), on Psychotropic Substances (1971) and against Illicit Traffic in Narcotics Drugs and Psychotropic Substances (1988). Pakistan reiterates its resolve to implement the treaty provisions and also work in close cooperation with the world community to combat this menace.

Government's resolve

The administration is fully aware of the plight of its people who have fallen victim

to drug abuse. The government, through its hospitals, has stepped up programs to provide treatment to drug addicts.

Educating the masses

The government is pursuing a prevention-through-education program, the latest trend in the war against drugs. Law enforcement alone cannot keep drugs away from people, and detoxification and rehabilitation efforts are expensive and at times not completely effective. Since 1990 such programs, planned by the Drug Abuse Prevention Resource Center, have been educating the masses and target groups such as students and women.

These efforts are in addition to all the enforcement and crop substitution and destruction efforts already under way by several different government agencies and the Anti Narcotics Task Force.

Commitment to Support Social Development

Pakistan is giving high priority to the social sector, which had been neglected in the past. The expenditure level in this sector has risen by 33 percent in just one year. What had been put on the back burner for decades has now come to the fore to claim its rightful place in the list of government priorities. Pragmatic policies have been adopted and are being implemented with a sense of commitment.

Innovative initiatives have been introduced, new measures taken and integrated programs launched. The approach to social sector needs has changed from a passive to an active one, and the emphasis has shifted from declarations to result-oriented action. The Social Sector Coordination Committee, chaired by Prime Minister Benazir Bhutto, meets periodically to monitor the situation, resolve issues and decide policy matters.

Social Action Program

The Social Action Program (SAP) was launched in 1992-93 to address the neglect of social development in a coordinated and concerted manner. The budget for the five-year program (1993-98) is \$7.8 billion. Seventy-five percent of financing is from local resources, and 25 percent is to come from foreign assistance.

The SAP has four major components: basic education, primary health care and nutrition, population welfare, and rural water supply and sanitation, for all of which numerous development schemes have been launched throughout the country.

Education

In the education sector, more than 50,000 primary schools are to be set up in which around 7 million children will be enrolled over a period of six years. Sixty percent of these new school openings will be slated for girls. SAP's target is to raise female participation above 80 percent. The annual budget for education has also been raised to 2.5 percent of GNP. It will be raised to 3 percent by 2000. To ensure that the education sector continues to receive its due share, a law has been framed to guarantee that a minimum of 3 percent of GNP is spent in this sector.

Provincial performance

The provincial government of Punjab and other provincial governments in Pakistan have enacted legislation to make primary education compulsory, and other provinces are to follow suit shortly. The government is also giving due attention to public-private partnerships, curriculum improvement, teacher training, testing services, adult literacy and computer literacy programs.

Rural health

In the area of health, the government has reoriented its policy to place greater emphasis on tackling health problems at the grass roots level, to pay more attention to rural areas where the majority of the population lives, to put more focus on preven-

tive care and to improve the efficiency of the existing health-care delivery system.

The Special Program of the Prime Minister for Primary Health Care and Family Planning has been launched to provide primary health care services at the doorsteps of the people, particularly women and children. Around 33,000 female health workers are being trained and deployed to provide much-needed outreach services.

Immunization days

In 1990, immunization coverage was reported at more than 80 percent, but it has since declined. Sensing the inherent danger, the government organized National Immunization Days for Polio, which achieved over 95 percent coverage in 1994. Similar days are planned for 1995.

AIDS control

A National AIDS Prevention and Control Program has also been launched on a massive scale, with 30 screening centers throughout the country. Over a million people have been screened and 751 HIV-infected cases and 45 full-blown AIDS cases have been detected.

IDD program

The national program for Iodine Deficiency Disorders has been revitalized. A campaign to promote iodized salt has been launched, and it is expected that by end of 1995 all salt available in the country will be iodized.

Population control measures

The new Population Planning Program features bold political support for population planning, enhanced budgetary allocations and increasing involvement of nongovernmental organizations (NGOs) as well as public-private partnerships.

Pakistan's effective participation at the International Conference on Population and Development helped shape the program of action so as to satisfy religious and ethical considerations and the standards of member states.

The prime minister has given very clear and definite guidelines to the country's population welfare program, and population planning has been put on top of the agenda for change.

Women's Ministry

The government of Pakistan has established a Ministry of Women's Development, which acts as an advocate, coordinator and spokesperson for the cause of women. Its goal is the full participation of women in national life. A campaign is on for rectification of the laws affecting women through political consensus. Measures of great importance have been initiated in various areas for women's development.

These include human resource development on a public-private partnership basis, improvement in education status, expansion of health-care facilities and provision of free legal aid and protection.



President
Farooq Ahmed Khan Leghari



Prime Minister
Benazir Bhutto

Private Investment in Power Sector

Over 360 organizations have submitted the power sector investment package issued by the government. A total of 176 applications for around 26,000 MW have been received by the Private Power and Infrastructure Board. To date, 39 projects totaling 7,687.50 MW have been issued Letters of Support. These 39 projects include 5,161.20 MW projects in the Punjab province, 2,677.80 MW projects in Sindh province, 1,224 MW projects in Balochistan province and 14.70

MW in the Northern Areas. Of the projects in which Letters of Support have been issued, projects of 2,748.30 MW capacity will use combined cycle technology, 4,888 MW will use steam-turbine technology, 1,571.80 MW will use diesel-engine technology, 540 MW will use open-cycle gas-turbine technology, and 34.20 MW will use hydroelectric technology. These projects will generate 5,682.30 MW capacity by use of furnace oil as fuel, 842 MW by natural gas, 118 MW by light

diesel oil, 6 MW by coal and 463 MW by other liquid fuels. A memorandum of understanding was signed in Islamabad on October 6, 1994, between the government of Pakistan and entrepreneur Gordon Wicks Consolidated Electric Power Asia Ltd. of Hong Kong for a 5,280 MW coal-fired thermal power plant and associated infrastructure, and the development of the Thar coal field. The project is estimated to be worth \$7 billion in foreign investment in the power sector.

Pakistan Pushes for Wide-Ranging Initiatives at World Summit

Farooq Ahmed Khan Leghari, the president of Pakistan, plans to contribute to the World Summit for Social Development in Copenhagen and help create a new vision for social progress and poverty eradication. This must in turn define national and international priorities and actions for achieving this vision. The summit's discussions and decisions must reflect this truly historic opportunity to address human problems directly and to choose viable solutions that are imbued with a sense of optimism about our collective and proven ability to change our values and practices.

Multilevel approach

The summit should support development initiatives at local, national and international levels that promote community building, solidarity, sustainable development, peace, human rights, democracy and equality.

Need to refocus

The summit's focus on human development must highlight the needs of children. Children are the starting point for a long-term strategy against poverty, social disintegration and

rising unemployment. Lasting solutions to these problems depend on aggressive actions to promote support for children and women.

Along with universal ratification, there must be effective implementation of the Convention on the Rights of the Child, including special measures to eliminate exploitable child labor practices as well as accelerated efforts to achieve goals in 2000.

Clear objectives

The summit must enunciate clear, feasible, measurable and timely targets aimed specifically at reducing poverty, promoting social cohesion and stimulating meaningful, productive employment, within the framework of sustainable human development. These targets should complement the goals for health, family planning, nutrition, education, and water and sanitation agreed at earlier summits.

Support for the less fortunate

It is vital that the decisions and commitments emanating from the summit include special support for the least developed countries in Africa and elsewhere. The Declaration and Plan

of Action must also identify the key elements of national and international action needed to achieve the targets endorsed by the summit. Broad estimates of costs and likely sources of national and financing are particularly important.

The summit should endorse the "20/20" initiative, which calls on donors and the governments of developed countries to allocate a minimum of 20 percent of their ODA to priority basic services and on developing countries to earmark 20 percent of their national budgets to primary health care, basic education, nutrition, family planning and low-cost water and sanitation.

Although 20/20 is receiving more and more attention from donor and developing countries, actual ODA and domestic budget expenditures on these basic social services currently stand at around 10 percent. Peace dividends and comprehensive debt relief are other possible sources for financing and sustaining progress toward the targets adopted by the summit.

Monitoring system

The summit must establish effective structures for monitoring the social impact of development policies and strategies as

well as reporting on commitments made at the summit. As part of this effort, much greater attention should be paid to the regular collection of reliable social statistics.

Interaction

Each country should be encouraged to engage in a wide-ranging national dialogue aimed at identifying key social development priorities. This process must involve not only national governments but also families, communities, local governments, nongovernmental organizations, social, cultural, religious and professional groups, and the media. The experience of the 1980s shows that it is only through mobilizing all sectors of society that significant progress can be made in addressing today's most urgent problems. The government has renewed its commitment to take steps against sectarianism.

The Declaration and Plan of Action should identify the role and responsibilities of the United Nations and its agencies in supporting action agreed on at the summit. The 50th anniversary of the United Nations presents an excellent opportunity to define much of the human development agenda for the next half-century.

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FASHION

World Class Armani Show Wraps Up Italian Season



Eva Hertzegova in Fendi's bathrobe rabbit coat.

By Suzy Menkes
International Herald Tribune

MILAN — A world-class show from Giorgio Armani closed an Italian season that has looked pretty provincial. In an empty industrial warehouse, Armani sent out a 400-piece show and seated 1,100 guests for dinner.

"Completely over the top," proclaimed Elton John (who should know) of the vast space, vaulted with steel girders and with white lilies arching the tables.

But the show was utterly refined — even the intricate chinoiserie embroideries which created the effect of pallid, floral Chinese wallpaper unrolling on the runway.

"From my head, because I love the exotic," said Armani, who made a quick change from navy sweatshirt and sneakers for the black tie dinner.

The long evening section with its flesh-colored chiffon dresses traced with embroidery may have been an indulgence. But Armani richly deserved it. Because with no vulgar brooches he took the line fast-forward with new jackets that silhouetted the female form.

It looked so easy when pantsuits or the more awkward side-split long skirts came out in delicate Armani colors: beige, dove gray, shell-pink, water blue, teal green. But the jackets were quite different from

the unconstructed shapes hung from a firm shoulder line that Armani invented. Built from the bosom, they outlined the body with curving seams or arrow darts in as many inventive new shapes as the 65-strong parade of models. They had red lips, Veronica Lake hairdos and reasonably healed shoes.

The form-fitting shapes went through short hip-length jackets, long tunics, elegant mid-calf coats and snug knitwear with a carpet effect — one of many prints and textures that added another dimension to the fine show.

"So refined, so much in keeping with his spirit and so much that's new — one of these moments when the heart beats," said Dawn Mello, president of Bergdorf Goodman.

An overall sense of disappointment with the Milan season came from what Joan Kaner of Neiman Marcus called a "too broad schedule," meaning that there were too many minor shows stretched over the week.

Yet Fendi came up with a sparkling show, where Karl Lagerfeld got back his confidence in fur, giving it a metallic glow and showing it with glittering lurex hose — not least a classy bathrobe fur coat.

"It's boring to be politically correct — I'm tired of that — the animals are legally killed and if people want to change that, they should change the laws," said Lagerfeld who, after five years of turning skins

inside or mixing them with cloth, opened with golden sables.

But, respecting the modern mood (and the attitude of many models) Fendi focused on animals slaughtered for food, including an especially bred rabbit called Orylag, that was dyed to look like ermine.

The sporty, fast-paced show, with its bronze metallic leather and caped shoulders in fur, included some of the best knits and clothes done for this line, for which Lagerfeld took his bow with Carla Fendi and her niece Sylvia.

P RADA was a good show — but a puzzling one. For while fashion is flowing toward the body, in this line, everything stood away in stiff fabrics: a square jacket; box-pleated skirts; a sleeveless dress with seaming in relief; a rosebud-patterned duster coat.

It made for fine individual pieces like paneled knee-length skirts and tailored coats cut on clear, clean modern lines with a draught of orange soda among camel, brown and white. Yet the geometric silhouettes looked 1960s — not even its sexually provocative side, but a more conventional Queen Elizabeth in formal stiff coats.

Coats and tailoring have been the strongest suit in Milan. Other trends are for nylon jackets, fur or fake trims, full-bodied fabrics that can be sculpted into shape — and the mature, faux-couture clothes the baby boom generation cast off with its inhibitions.



Armani's hourglass silhouette and chinoiserie print.

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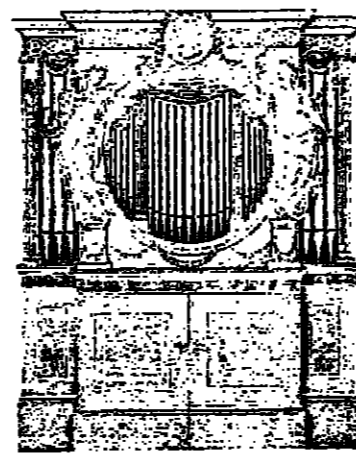
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Schiele's Hideous Beauty

By Ginger Danto

MARTIGNY, Switzerland — Folly, decadence and death hovered over the Austrian artist Egon Schiele from birth. These dark themes would permeate Schiele's oeuvre in spite of the artist's optimism regarding his destiny to be acclaimed in his own time.

Time was short for Schiele — a fatal spell of Spanish flu at 28 concluded a paradoxical career of professional accomplishment and personal self-destruction. According to his sister-in-law, Schiele's last words augured his immortality: "The war is over, and I must leave. My works will be exhibited in museums around the world."

While this proved true, it took some time for the public to accept Schiele's work. That this has happened is evidenced by the popularity of a retrospective in Martigny, near Lausanne, the home of the Gianadda Foundation.

Years ago the foundation staged a drawing show of Schiele and his mentor, Gustav Klimt, a compatriot who accused his sometime protégé of "too much talent." Curated by the Schiele scholar Serge Sabarsky, the current exhibit (through May 14) affords a more comprehensive vision of Klimt's self-appointed heir, in all his volatile ambition.

About 200 paintings, watercolors and drawings from pri-

vate and public collections worldwide provide a chronicle of Schiele's brief life, as distilled through his singular, and deliberately disturbing art.

Born just ahead of the new century in 1890, Schiele experienced the growing pains of a country whose capital had just tripled in size, incorporating its suburbs by imperial decree.

The pain was, however, more metaphysical, so that as Vienna waltzed to its political doom, an intellectual ferment spawned brilliant interpreters whose theses heralded other revolutions: Freud in the sphere of psychoanalysis, Arnold Schoenberg in music, Adolf Loos in functional architecture and Ludwig Wittgenstein in a philosophy.

Meanwhile, artists depicted the uneasy implications of modernism for the old world. Much of Schiele's focus for these sea changes was sexuality, which was publicly served by prostitution, but hypocritically taboo among the bourgeoisie he was born into.

SCHIELE apparently drew from age 2, enrolling at Vienna's Beaux Arts Academy at 16. It was in a local café that he met Klimt, who helped launch his early exhibits. The influence of Klimt, who deconstructed subjects into frames of shimmering color in extravagant symbolist tradition, is evident in Schiele's formative period. In a luminous oil of his sister Gertrude, "Portrait of a Woman in a Black



"Femme Allongée," 1918.

Hat" (1909), gold and silver elliptical motifs seem to spill from her dark costume, like a swath of oversized jewels. The color of money connotes religion in the severed halo surrounding "Self-Portrait with Spayed Fingers" (1909).

Schiele obsessively portrayed himself. Typically gaunt, his limbs skeletal and belly sagging, his hair spiked to accentuate the alert expression like a hunted animal, Schiele gazes back from his effigy with an incongruous mix of anxious wonder and defiance. In such a 1917 drawing, he bares all, yet his intrepid eyes suggest the one cunning

animal that won't be caught. Schiele's early companion, Wally Neuzil, inspired fine erotic portraits. Such critically successful work earned Schiele a jail sentence and, subsequently, the protection of an industrialist patron.

Meanwhile, Klimt's endorsement nurtured Schiele's reputation abroad — a renown that worked its way back to Vienna.

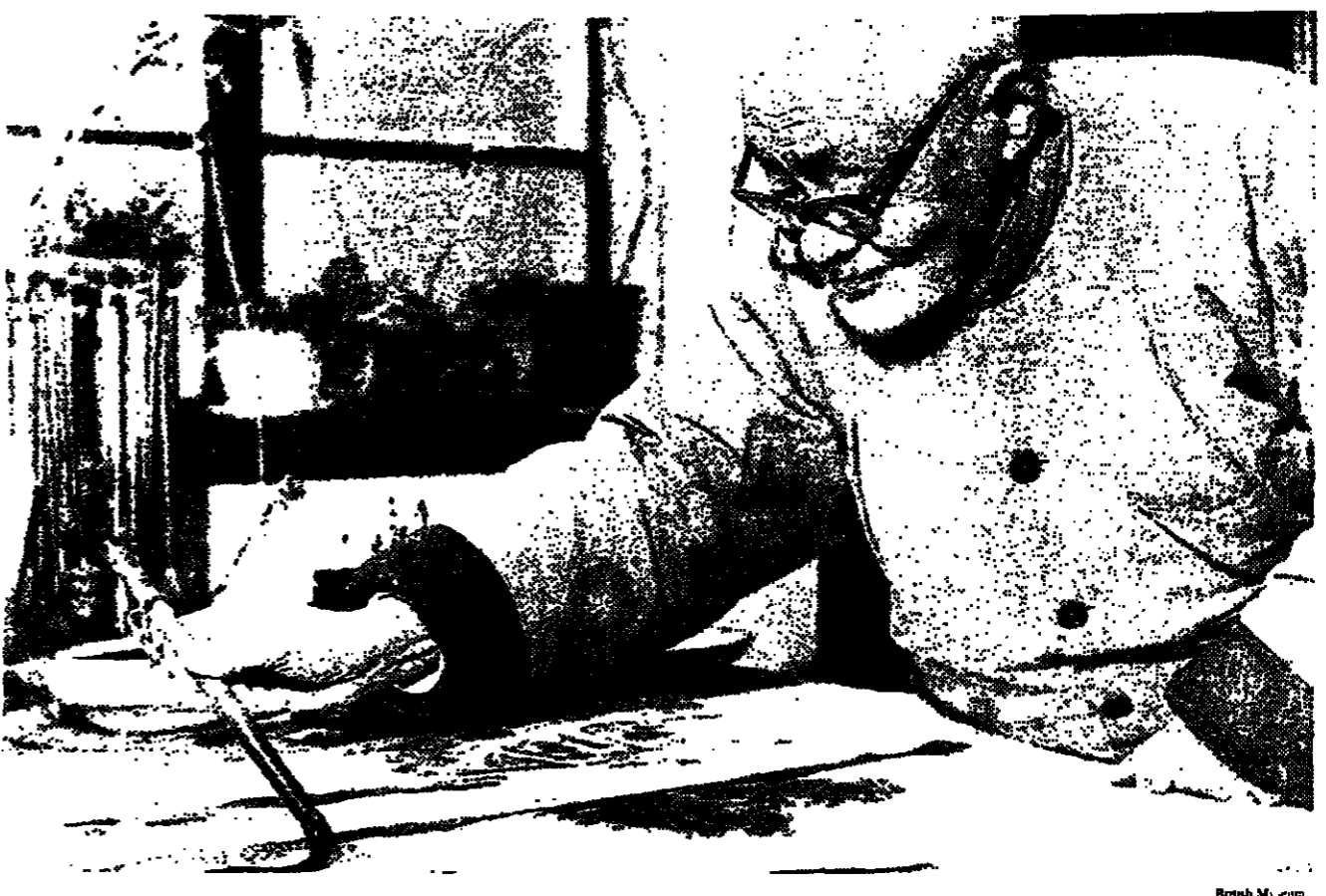
Here he had occasion to portray some eminent figures of his time, but remained drawn to the anonymous souls — men, women, androgynous lovers and even children — disenfranchised like him by their own subversive appetites, their bodies played, beyond temptation or shame.

Schiele's quiet marriage to Edith Harms, a woman of privileged background like himself, only briefly deterred his pursuit of subjects whose beauty, in the words of the contemporary poet and essayist, Karl Kraus, lay in their ugliness.

"Everything dies living," Schiele wrote in 1910, assimilating the fragility around him — of society, of the individual, of himself. He accordingly depicted people like near corpses, symbolically straddling the two states — living and dying.

For our own fin de siècle, Schiele's work emerges as remarkably prophetic. He therefore remains, as he vowed he would, very much among us.

Ginger Danto is a free-lance journalist based in Paris who specializes in the arts.



The 103-year-old artist Zhu Qizhan at work; his works are on display at the British Museum.

The Century of Zhu Qizhan

International Herald Tribune

LONDON — Is China the only country in the world where Contemporary Art can retain close links to its past? The Art of Zhu Qizhan, on view at the British Museum until May 10, would suggest so, and the extraordinary story of the 103-year-old painter further accounts for the reason — a self-confidence that knows no limits.

All the odds appeared stacked against the village boy from Linzhen in Jiangsu province who dreamed of becoming an artist. Zhu was born in 1892, at a time when to become a painter you had to be brought up as a traditional scholar. But, as Leo Wong tells us in "Encounter With Zhu Qizhan," the two-volume catalogue of the Hong Kong Museum of Art in 1994, his father was a manufacturer of condiments who wanted his only surviving son to succeed him in the business.

True, art was not unknown to the Zhu household. The boy's mother, who died on his seventh birthday, was the granddaughter of a famed calligrapher. Even his merchant father was an amateur painter of flowers who collected paintings and calligraphies. He was his son's first teacher — learning to read and write meant being initiated in the ancient Chinese way to the recitation of classical texts and the copying of calligraphy by past masters. When the 7-year-old went to school, he had a tutor, Dong Songyu, whose interest in life was to paint bamboos and who became his master.

Fate repeats itself. When the Shanghai Business School was founded, young Zhu entered it at his father's request. Also, the director, Tang Wenzhi, was the boy's uncle as well as an accomplished scholar. He warmly responded to his young student's love of painting and personally taught him the skills he had mastered as a calligrapher-painter. Zhu never finished his degree — ill health forced him to give up studying and go back to Linzhen.

The father made one last-ditch attempt. He sent his son off to run a branch of the family business in Wusong. As before, the young man did as he was told but he also found time to sneak off to nearby Shanghai. There, he discovered Western painting in art books. It was an eye-opener. The young manager enrolled at the Shanghai School of Painting to master the Western techniques.

A trip to Japan in 1917 allowed the young aspiring artist to see Western painting in the flesh. Its academic aspects left him cold, as did Impressionism, but van Gogh, Cézanne, Matisse overwhelmed

him. In van Gogh, he admired the emphasis on lines and of Matisse he was later to remark: "Matisse was able to emerge from the original form of objects."

Zhu was overjoyed. The stress of running the business and doubling as a would-be artist proved too much. He contracted tuberculosis and took seven years to recover. When he did, in 1925, the artist found the family home devastated by a conflict between feuding warlords and his

phase of the Cultural Revolution. And then, the nightmare was over.

At the age of 84, the painter bounced back to a frenzy of activity. From 1976 on, he traveled to paint from nature, and he struggled to resolve the contradictions between the Western temptation and the call of tradition, so striking in the show. The Western touch is strong in "Flying Birds in the Empty Distance," with more than a lingering whiff of late 19th-century Romanticism, painted in 1982.

By the summer of 1988, the artist was still exploring the opposite ends of the East-and-West encounter. "Dawn in the Summer Mountains" is painted in a Chinese vertical format with traditional elongated peaks. At the same time, the sense of volume borrowed from the West is perceptible and a dark threatening appearance harks back to 19th-century Romanticism. "Dawn in the Autumn," with the receding mountains is, on the contrary, more like a Western composition with Chinese undertones.

The painter had to wait until his hundredth year to resolve all the difficulties. A landscape dated 1991 in ink and color on gold flecked paper draws on the Chinese heritage for its scratchy touches of the brush. There is no depth or volume, and yet the sense of space is remarkable. That same year he painted a calligraphy of just two ideograms "The Pleasure of Ink" with a racy wit in the expressiveness of the strokes that is reminiscent of the Individualists. It is a gem.

ANNE FARRER, the British Museum curator who chose the paintings, helped by the Hong Kong based collector Eoghan McMillan, says she was struck by a rare atmosphere of peace in the painter's house in Shanghai. The house is well-organized and the collection managed by his second wife.

Zhu now enjoys a following from Hong Kong, where the Zhanyuantang Collection was the source of several loans to the British Museum show, to the Los Angeles area. Leon J. Wender, the New York dealer who holds annual one-man shows of Zhu's work, produced the catalogue funded, Farrer says, by McMillan, who was originally an admirer and has since become a friend of the artist's. Zhu's paintings even turn up in Sotheby's and Christie's sales in Hong Kong and New York. They also sell at auction in Beijing, at The China Guardian and at Hanhai, the two leading Chinese houses. Zhu Qizhan has gone a long way. So has China.

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A Telling Contrast at Guggenheim

By Michael Kimmelman

New York Times Service

NEW YORK — What does it say that the most ballyhooed exhibition in months is Ross Bleckner's mid-career retrospective at the Guggenheim Museum?

Bleckner's name makes the society pages about as often as his friend Bianca Jagger's, and it's hard not to connect that fact with all the publicity preceding the show and the glamorous sponsors who stepped up to finance it.

One of them, the entertainment mogul David Geffen, is also Bleckner's friend. The principal sponsor, Hinge Books, even furnished Bleckner with the suit he wore to his opening, an event paid for by another sponsor, Vanity Fair magazine, which recently published an admiring profile of the artist.

None of this would signify anything, of course, beyond Bleckner's personal good fortune, if his work justified a big show at a major museum.

But with 268 paintings and drawings, the exhibition looks absurdly overblown and it has the effect, which retrospectives are supposed to have, of shifting one's opinion of

his art — but in this case, for the worse.

A second effect is to overshadow the opening of another show, also at the Guggenheim, a survey of the work of Felix Gonzalez-Torres. If a significant number of Bleckner's fans come from outside the art world, Gonzalez-Torres' come mostly from within it. For them, this was to have been his moment, the time when his restrained and elliptical blend of Conceptualism, Minimalism and politics would reach a large audience and maybe even offer a discreet alternative to Bleckner's opulence.

As it happens, Gonzalez-Torres, 36, isn't yet able to sustain a full mid-career retrospective; much less is his quietude a potent enough antidote to Bleckner's melodrama.

SINCE the early 1980s, Bleckner, 45, has mixed Op Art effects with themes involving death and dying. To his advocates over the years, this curious strategy has allowed him to be hailed as a champion of one or another cause.

He has been embraced as a postmodern ironist, reviving a discredited, or at least neglected, genre of abstraction, namely Op, but reviving it with a twist: Instead of the cheery optimism that characterized

real Op Art, Bleckner's somber pictures suggested loss and melancholia.

For those in the art world fretting, as art world people periodically do, that abstract painting had run its course and had nothing more to say, Bleckner's work could be touted as a clever response to the problem: painting about painting's demise.

But his work has also been embraced for being essentially the opposite: not ironic, its melancholia a sincere reaction to AIDS. Bleckner has reinforced this view by, among other things, filling his dimly lit galleries with urns, candelabra, flowers, ghostly birds and other funerary motifs.

Oscar Wilde famously said that all bad poetry is sincere, and the same could be said of bad painting. There's no question that in his personal affairs Bleckner has been an effective and tireless advocate for AIDS causes.

But his art is something else, and it's hard to know whether it is better for him that it be thought of as sincere or as ironic, because if the first, he is a sentimental purveyor of pseudo-Victorian kitsch, and if the second, he is exploiting a serious issue.

The Ross Bleckner show is at the Guggenheim Museum through May 14; the Felix Gonzalez-Torres exhibition ends May 10.

BOOKS

TRASH

By Amy Yamada. Translated from Japanese by Sonya L. Johnson. 372 pages. \$18. Kodansha.

Reviewed by Scott Shibuya Brown

SEX is what the Japanese author Amy Yamada is best known for writing, but not sex in the way we are used to reading it. Instead of capturing the heat and thrill of the moment, Yamada chronicles the effects and awareness of sex — even while her characters are in its midst — in the manner of a clinician searching for a pathology. For Yamada, who once worked for an S & M club in Tokyo and whose works have been translated in two celebrated anthologies of new Japanese fiction, sex might be worthy to lose oneself in, but not to get lost in. It seems natural, then, that in "Trash," the first of her 20-some novels to be translated into English, Yamada abandons her guileless writing on sex to con-

centrate on love, an event that holds out the possibility of emotional sublimation, but which also is infinitely more problematic and potentially dangerous. Especially when love is dying.

The protagonist is Koko, a twenty-something Japanese immigrant in the last stages of a relationship with her black American boyfriend, an ending that Koko finds herself acting out alone. A staggering drunk with a barely registered presence, Rick is already a shadow, notable only for the speaker he has cast in Koko's life. Buckling under the weight of enormous self-loathing, his contribution to their situation consists mostly of urinating in their living room, vomiting in their bedroom, or handcuffing Koko to the bed, which is where the novel begins.

Yet for Koko, such humiliating episodes initially only harden her commitment to him. Paradoxically, her ability to withstand such ugliness and find redemption in Rick is proof of the strength of her

love, as is her tolerance of Rick's adolescent son, who clearly resents Koko. How else to view the depths of her self-abnegation, which though she recognizes it as pitiful, also gives her a fragile equilibrium and sense of purpose?

It is in this indecipherable image of Koko that "Trash" works best. Subsisting on the diminishing diet of good memories and false hopes, Yamada's Koko is an expert at dissecting the minutiae of her thoughts and feelings, while remaining helpless in understanding their overarching implications. And that, of course, is the state of love, good and bad.

What fades away in "Trash," though, is most of everything else. Koko's Manhattan world is an unfortunate '80s cliché, populated by stereotypical characters who fill up their lives in tired activities, i.e., cafés, clubs and gallery jobs, pizza at Ray's, etc. (to be fair, "Trash" was first published in Japan in 1991, while an earlier novella upon which some of "Trash" is based

appeared in 1987). Their talk is stilted and obvious, making their occasional penetrating comments on the nature of love and relationships seem downright incongruous.

In "Trash," what fails is Yamada's ability to stretch insights and emotions over the long frame of a novel whose title bears testament to the author's practiced sense of irony. By "trash," Yamada refers to the detritus of our relationships, which if understood well enough, might propel us to seek out better ones in the future. Trash, then, can be good or bad, a fact that Koko ultimately accepts as she strikes out from her relationship with Rick. A little more removed, perhaps, from the center of love, but no less committed to seeking it out.

Scott Shibuya Brown, a Los Angeles Times staff writer and a former staff correspondent for Time magazine, wrote this for The Washington Post.

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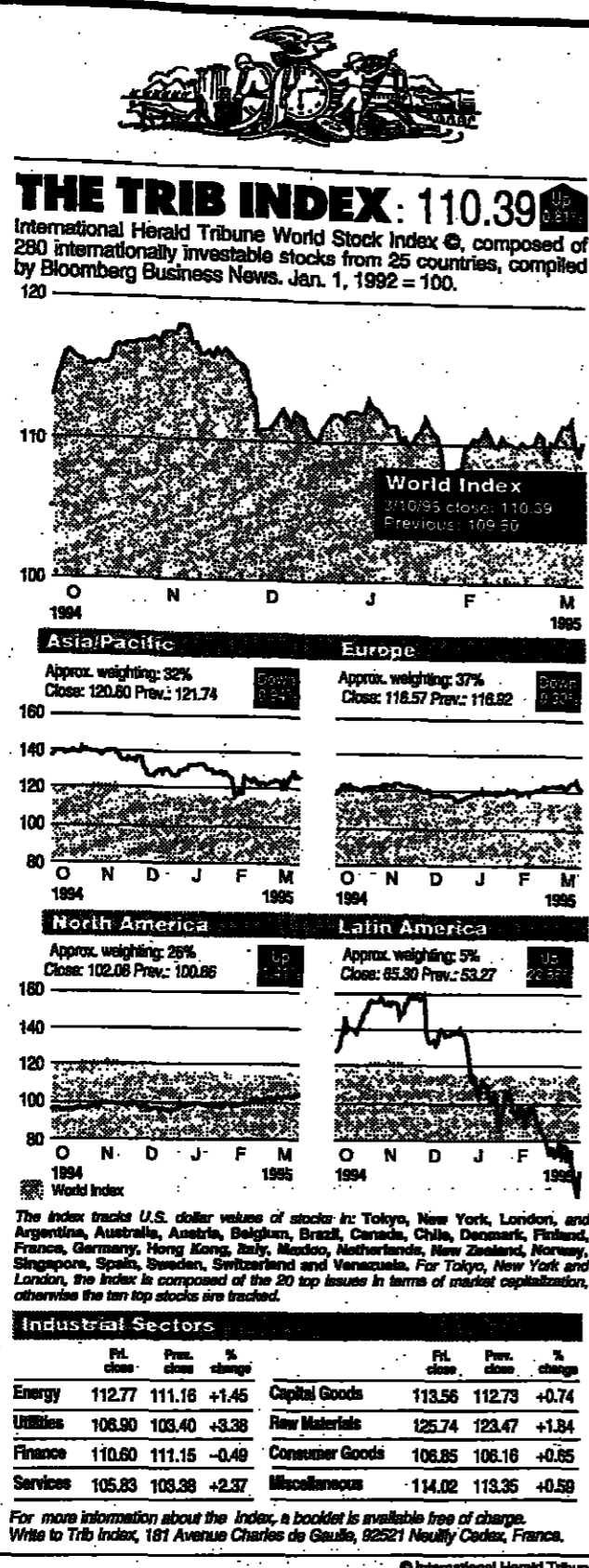
Friday's 4 p.m. Close
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

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CE



Barings (Almost) Back in Business

Awaiting Permission, Offices Set to Reopen in Asia

Compiled by Our Staff From Dispatches
TOKYO — Barings is reopening its offices in Asia's financial centers following its takeover by a Dutch company, but official authorization to resume business is incomplete.

In Tokyo and Osaka, exchange officials said Friday they had not yet received an official request to reinstate Barings' exchange memberships, allowing the firm to resume trading.

"At this point, we haven't received any official word," said Seiji Adachi, a spokesman at the Tokyo Stock Exchange. "Until that comes, there can be absolutely no movement on the issue." Barings' business will be conducted through other brokerages.

In Hong Kong, the Securities and Futures Commission said it had withdrawn its restriction notice against six Hong Kong Barings subsidiaries. "With the exception of Barings Brothers & Co., which remains subject to a business limitation order by the Hong Kong Monetary Authority," the six companies can resume business, the commission said.

They are: Barings Futures (Hong Kong) Ltd., Barings Securities (Hong Kong) Ltd., Barings Asset Management (Asia) Ltd., Barings Brothers & Co., Barings International Fund Managers Ltd.

and Barings International Investment (Far East) Ltd.

Cees Maas, director of International Nederlanden Groep N.V., which acquired Barings after the British firm collapsed last month, confirmed Thursday that ING will acquire all of Barings' Asian operations and hopes to have them up and running within days.

But Barings Securities' Singapore office cannot go back to business as usual until Singapore authorities approve the ING takeover, a spokesman for the Stock Exchange of Singapore said.

When the company can resume normal operations "depends on the takeover meeting all relevant approvals" from the stock exchange and regulators, the spokesman said.

Barings Securities is not suspended from the exchange, but it is only allowed to sell existing holdings and cannot buy new ones, he said.

Mr. Maas said in Tokyo that he was going to Singapore Friday to work to unfreeze Barings' operations there.

In Japan, an Osaka Securities Exchange official said that there were "still a multitude of details that need to be ironed out" before Barings is reinstated. While they say ING will not likely be stock footing the bill for a new member-

ship seat, which can cost as much as \$11 million, reinstatement must first be approved by the directors of each exchange.

Barings' Japanese arm has been virtually frozen since Feb. 26, unable to trade or move its assets. Massive losses on Asian derivatives forced Barings into administration.

Barings has three principal units: Barings Asset Management; Barings Brothers & Co., the bank and corporate finance unit; and Barings Securities.

The Singapore government has deepened its probe into the Barings affair. The Ministry of Finance appointed two executives of the Price Waterhouse & Co. accounting firm to delve into allegations of civil fraud and misconduct at Barings Futures (Singapore).

Barings Futures (Singapore) employed Nick Leeson, the 28-year-old derivatives trader accused of destroying Britain's oldest merchant bank by building up massive futures positions that went sour.

The Price Waterhouse executives, Michael Lim and Nicky Tan, said they had been appointed "to reconstruct the facts and investigate the causes leading to the collapse of the Barings Group attributable to the trading activities" of Barings Futures (Singapore). They said they would "also look into allegations of civil fraud and misfeasance." (Reuters, Bloomberg)

IMF Grants Russia \$6.4 Billion Loan

By Steven Erlanger
New York Times Service

MOSCOW — Russian leaders, vowing their most important task this year was to cut inflation, reached agreement Friday with the International Monetary Fund on disbursement of a \$6.4 billion standby loan.

The money, which will be paid out on a monthly basis so that the Fund can be sure the Russians are keeping the economy on track, is already included as revenue in Russia's budget for 1995.

The loan must be approved by the board of directors of the

Fund, but payments should start flowing in April. The Fund's managing director, Michel Camdessus, signed a policy statement on Friday and met with President Boris N. Yeltsin in order to provide the hard-won agreement a ceremonial touch.

Viktor S. Chernomyrdin, the Russian prime minister, promised that this year Russia would succeed in sharply cutting inflation, perhaps to a rate as low as 1 percent a month by the end of the year. Similar promises last year were not kept, and a spending binge last autumn produced an inflation rate of

17.8 percent in January and 12 percent in February.

The Fund's managing director, Michel Camdessus, who helped negotiate the last technical points of the agreement, said the Fund wanted to see Russia "stable and prosperous," overcoming inflation "the way St. George killed the dragon."

In return for allowing Russia to draw down its full quota of loans, the Fund has insisted on a realistic budget and program of economic stabilization. In the past, Russia got smaller, special loans for its "systemic transition" that circumvented the Fund's normal rules and required little more than Russian

promises of economic rectitude, which were generally broken.

The new loan, known technically as a standby loan, requires a higher level of performance, a more detailed agreement on fiscal and monetary targets and a higher degree of accountability from Moscow.

The Fund, acting as a fiduciary agent for the large Western nations that dominate its board, also insisted on structural reforms designed to liberalize the energy sector, to reduce special tax and customs exemptions that undercut revenue and feed corruption, and to free more prices from state regulation.

Latin Markets Rebound From Bearish Week

Compiled by Our Staff From Dispatches

BUENOS AIRES — Stocks rebounded sharply in Argentina and Brazil after a week of sharp losses amid revived optimism about each country's economic prospects.

Argentine shares climbed 12.83 percent despite the country's financial crisis as traders anticipated a deal with the International Monetary Fund.

Brazilian shares, meanwhile, surged 25.6 percent as players bought heavily after the government announced measures to stem the outflow of capital and attract foreign investment, brokers said.

In Argentina, interbank loans fell back as borrowing from two leading banks lessened, dealers said.

Still, the country's cash crisis persisted. Bank deposits have fallen more than 5 billion pesos (\$5 billion), or 11 percent, since Mexico devalued its peso Dec. 20. Investors have fled Argentina over concerns that it would be forced to follow suit.

The Brazilian central bank said its measures included a reduction of taxes on foreign capital inflows and a 4 percent-to-6 percent devaluation of the real.

The U.S. dollar will be allowed to fluctuate between 88 centavos and 93 centavos, compared with the previous band of 86 centavos to 90 centavos.

"The government has decided to adopt today a package of measures in the exchange area with the objective of making clear the operation of the central bank in the market and restricting the space for operations of a purely speculative character," according to an official statement.

Argentina is counting on loans from the International Monetary Fund and commercial banks to make payments on \$5.2 billion of debt due this year. Finance Minister Domin-

go Cavallo said Thursday that the country would seek \$2 billion from the Fund and \$2 billion from banks. It already has received a \$420 million Fund loan and expects a total of \$1 billion from the World Bank, the Inter-American Development Bank and the Export-Import Bank of Japan.

"Everybody's pinning their hopes on Cavallo raising \$5 billion in bridge finance and loans from IMF and World Bank over the next few days," said Guillermo Curuchet, a director of the brokerage Proinvest. "That should relieve the squeeze in the financial system."

The Merval Index of most traded shares surged 12.83 percent and the general index gained 11.61 percent. Of the 24 shares that make up the Merval index, 11 rose the 15 percent daily limit.

The rally drew strength from a rise in American depositary receipts for Argentine companies on Wall Street.

"What we're seeing is a classic comeback from oversold conditions," one broker said. Still, analysts were wary about Argentina's medium-term prospects.

"The crisis in the financial system means there's no credit available here and little hope of any from abroad," said Gonzalo Fangaro, equity analyst at Smith New Court Securities.

The surge in interest rates raised concern President Carlos Saul Menem and Mr. Cavallo might abandon pegging the Argentine peso to the dollar.

"The question is, Does Cavallo stand ready to drive the economy into the ground?" said Lawrence Goodman, an economist at Salomon Brothers Inc.

Argentina's fiscal policies reduced inflation from 5,000 percent, when Mr. Menem took office 1989, to 5 percent. (Reuters, Bloomberg, AFP)

ECONOMIC SCENE

Static Surrounds Auctioned Airwaves

By Peter Passell
New York Times Service

NEW YORK — The policy wonks in the United States who fought long and hard to auction the airwaves rather than give them away are preening these days, and for good reason. Bids for licenses to transmit voice, data and video over the air are now more than \$5 billion.

But the vast sums being bet on this modest chunk of real estate in the sky suggest a darker side to this story as well. For one thing, it is evidence of the awesome value of the spectrum that could have been sold or rented in the past to everyone from broadcasters to cellular phone companies to ham radio operators.

More important, it implies that the rigid system — in which frequencies licensed to, say, taxi dispatchers in 1950, cannot be redeployed to beeper services or airline telephones in 1995 — is incredibly wasteful. "It is the equivalent of zoning land for rice paddies in the suburbs of Tokyo," said Peter Pitsch, a consultant in Washington.

There probably isn't any way to reclaim precious spectrum rights already in private hands. But Washington can — and the U.S. Congress may — allow the Federal Communications Commission, or FCC, to grant maximum feasible flexibility to how the licenses use their rights.

The legal framework for spectrum allocation dates from a time when Americans clustered around the radio to listen to the

comedian Jack Benny. And it shows. The FCC is charged with identifying the uses for the spectrum that best serve the public, and then handing out licenses to those most likely to do the job right.

By the 1950s, however, the process had become a funhouse for lawyers and lobbyists, as companies and whole indus-

The legal framework for spectrum allocation dates from a time when Americans clustered around the radio to listen to the comedian Jack Benny.

tries jockeyed for free use of what was becoming a very scarce resource.

The outdated process deteriorated to farce by the 1980s, when the FCC was passing out parts of the spectrum for cellular phone systems. Licenses to serve cities that were not arbitrarily assigned to regional Bell companies have been sold and resold for tens of billions of dollars.

In despair of finding the most suitable applicants through hearings as usual, the FCC tried lotteries for allocating cellular licenses in less densely populated re-

gions. But hundreds of thousands of people deluged the agency with their lottery tickets — the forms that gave them a chance to become rich overnight.

Congress got wiser in the 1990s, finally succumbing to the argument that the Treasury was a more worthy recipient of the pot of gold at the end of the spectrum. But auctions could not unleash the productivity of older spectrum licenses issued on the implicit assumption that communications technology was cast in stone.

How much is really at stake here? A 1992 research paper by Evan Kwerel and John Williams, then members of the FCC's staff, suggested the magnitude of the waste. They asked what would happen if a single, lightly used UHF television channel in Los Angeles were reassigned to a third cellular phone system for Southern California.

They estimated the value of the permanent loss of the television signal, as measured in ad revenue and program diversity lost, to be about \$140 million. But the benefits from adding a third cellular system in the crowded market would have a cumulative value of \$1.2 billion. Hence the net benefit of shifting a single television license in a single market to a higher-valued use exceeded \$1 billion.

Adam Thierer, a communications analyst with the Heritage Foundation, said Congress could be convinced to make maximization of economic value "the overriding goal of spectrum management."

The example is obsolete because new spectrum is now being assigned to provide competition for Los Angeles' two cellular networks.

Foreigners Grab 22% Of Japan Chip Market

Bloomberg Business News

WASHINGTON — The foreign share of the Japanese semiconductor market, a closely watched measure of U.S.-Japanese trade relations, rose to an unprecedented 22.4 percent in 1994, the first time it has passed the target of 20 percent, the U.S. trade representative's office said Friday.

In the fourth quarter, it hit a record 23.7 percent. The figure for 1993 was 19.4 percent.

The report marked the fifth consecutive quarter in which the foreign share of the Japanese chip market surpassed the benchmark 20 percent set in the 1991 U.S.-Japanese semiconductor arrangement. The foreign share has climbed steadily from around 14 percent in 1991.

Mickey Kantor, the U.S. trade representative, called the

figures "an important milestone in evaluating the success of the agreement."

Most of the foreign semiconductor suppliers are American.

Mr. Kantor said, however, that while he was pleased with the improvement, he felt more could be accomplished, particularly in "some of the emerging technologies where U.S. firms are highly competitive and progress has been lagging."

The United States sees the semiconductor agreement as an example of the usefulness of numerical targets in getting Japan to accept imports.

Mr. Kantor said Thursday he expected U.S. and Japanese negotiators to meet later this month to discuss increasing Japanese purchases of U.S. autos and auto parts.

Latin America Fuels Loss at Bankers Trust

Knight-Ridder

NEW YORK — Bankers Trust New York Corp. said Friday it would report an after-tax loss of up to \$125 million in the first quarter of 1995 because of losses in certain of its Latin America and other trading positions along with a sharp fall-off in derivatives revenues.

In a filing with the Securities and Exchange Commission, the bank cited a deterioration of market conditions in many Latin American countries, slowness in the market for risk-management products, and unsettled global conditions as reasons for the loss.

The estimated loss does not take into account a possible charge in connection with the corporation's expense-reduction programs.

Despite the loss, the Bankers Trust chairman, Charles Sanford, emphasized the bank was in excellent shape, saying, "The firm's strong capital and reserve positions and the high quality and very liquid nature of our balance sheet, together with the expense-reduction programs now under way, will sustain Bankers Trust through this difficult period."

"Adverse factors have created business conditions significantly more difficult than those of the fourth quarter of 1994," the filing said.

Alcatel Chief Cited in Overbilling Case

The Associated Press

PARIS — Pierre Suard, chairman of Alcatel Alsthom, was charged Friday with abuse of corporate funds and fraud in a corruption case involving his company and the state telephone monopoly France Telecom.

Mr. Suard was charged with using corporate funds to install a costly security system at his home, and for systematic overcharging of France Telecom. Judge Jean-Marie d'Huy also barred Mr. Suard from "all

functions" in the industrial company, from all contact with others charged in the case and with France Telecom, and said the Suard must report his whereabouts to the judge.

Mr. Suard has denied the fraud charges and said he paid for the work at his home.

Details of Mr. Suard's day-long questioning by Mr. d'Huy were not released, but the newspaper Le Parisien reported that Mr. Suard was grilled about Alcatel's hiding 250 million to 500 million francs (\$50.3 million to

\$100.7 million) in profits that stemmed from the overbilling.

It was a crushing blow to a captain of French industry whose firm was already embattled with the jailing last year of the head of one of its subsidiaries in connection with the overbilling.

Alcatel Alsthom is one of France's largest companies and a world leader in telecom, transportation, and electric power generating equipment.

"The directors of the group

express their indignation with respect to the surprising severity and arbitrary nature of the measure taken," the company said in a statement issued late Friday.

The communications subsidiary Alcatel CIT is the subject of another judicial inquiry concerning the allegations of overcharging France Telecom, its biggest customer. The unit's chairman, Pierre Guichet, was jailed for 11 days last December.

South Africa's "underlying financial situation has now improved sufficiently to warrant the abolition of the financial aid system," Mr. Liebenberg said.

South Africa Ends 2-Rand Currency System

The Associated Press

JOHANNESBURG — South Africa announced the scrapping of its dual-exchange-rate system Friday to ease currency controls and improve foreign investment.

Finance Minister Chris Liebenberg said the so-called financial rand, or financial rand, which traded at weaker rates than the standard commercial rand, would no longer exist on Monday. The trading differences between the two have become virtually academic.

South Africa's "underlying financial situation has now improved sufficiently to warrant the abolition of the financial aid system," Mr. Liebenberg said.

Dumping the financial rand is part of South Africa's attempt to woo foreign investors and move into the world economic mainstream after last April's elections that saw Nelson Mandela become the country's first black president.

Although the financial rand gave investors a better rate, it was, in fact, a cumbersome relic of an apartheid-era emergency

package adopted in 1985 to protect the economy from capital flight.

South Africa's position has now improved dramatically. Net capital inflows have enabled the South African Reserve Bank to redeem part of its foreign borrowings, replenish foreign reserves and establish credit lines.

"Although the financial rand system has served South Africa well during the years of the country's economic isolation, it has many disadvantages and, in normal times, may even discourage new foreign investment in the country," Mr. Liebenberg said.

MARKET DIARY

Favorable Economy Lifts Dow to Record

Compiled by Our Staff From Dispatches
NEW YORK — Against the backdrop of a growing economy, U.S. stocks surged Friday, sending the Dow Jones industrial average back over 4,000 and on to a record high.

Other indexes also surged, as gainers outnumbered losers 15 to 6.

The Dow closed up 51.87, at 4,035.26. The previous record

U.S. Stocks

high was 4,011.74, set Feb. 24. The Standard & Poor's 500 index also set a record, up 6.41 at 489.57.

The economy has "still got a lot of steam, and the fact it's growing is always great for stocks," said Philip Tasho, money manager at Shawmut Investment Advisers Inc. in Boston. "Earnings continue to come in above what people are expecting."

Although an expanding economy often signals rising interest rates, bonds rallied as well, with the government's benchmark 30-year bond's yield falling to 7.46 percent from 7.51 Thursday.

"You could almost see this coming because despite all the

ostensibly bad news we had thrown at the market we held

up fairly well," said Donald Selkin, head of futures trading at Prudential Securities.

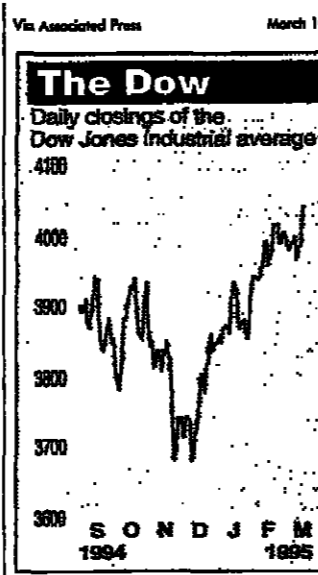
Telefonos de Mexico's American depositary receipts were the most active stock on the Big Board, spurring up 4 1/4 to close at 28 1/2, as Mexican stocks reached their highest point in more than two weeks. The government's new economic austerity plan, announced Thursday night, sent the peso soaring and eased concern about company profits, analysts said.

Several other Latin American depositary receipts helped lead the market higher. Grupo Televisa's ADRs rose 2, to 5 1/4; Telefonos de Argentina's rose 1 1/4 to 19 1/4.

Nike Inc. shares closed up 1 1/4, at 76 1/4, continuing three weeks of gains, as Michael Jordan's possible return to basketball and other developments combined to boost the stock.

Pushing up the Dow were such makers of capital equipment as General Electric, which closed up 1 1/2 at 54 1/4; drug stocks such as Johnson & Johnson, up 1 at 59 1/4, and financial issues such as Citicorp, up 1 at 41 1/4, and Chemical Banking Corp., up 1 1/4 at 39 1/4.

(AP, Bloomberg, Reuters)



NYSE Most Active

Vol.	High	Low	Last	Chg.
Telefonos de Mexico	28 1/2	28 1/4	28 1/2	+4 1/4
Grupo Televisa	5 1/4	5 1/4	5 1/4	+2
Telefonos de Argentina	19 1/4	19 1/4	19 1/4	+1 1/4
Nike Inc.	76 1/4	76 1/4	76 1/4	+1 1/4
General Electric	54 1/4	54 1/4	54 1/4	+1 1/2
Johnson & Johnson	59 1/4	59 1/4	59 1/4	+1
Citicorp	41 1/4	41 1/4	41 1/4	+1
Chemical Banking Corp.	39 1/4	39 1/4	39 1/4	+1 1/4

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
Microsoft	100 1/4	100 1/4	100 1/4	+1 1/4
Intel	40 1/4	40 1/4	40 1/4	+1 1/4
Oracle	30 1/4	30 1/4	30 1/4	+1 1/4
Sun Microsystems	20 1/4	20 1/4	20 1/4	+1 1/4
IBM	15 1/4	15 1/4	15 1/4	+1 1/4
HP	10 1/4	10 1/4	10 1/4	+1 1/4
Motorola	5 1/4	5 1/4	5 1/4	+1 1/4
Texas Instruments	4 1/4	4 1/4	4 1/4	+1 1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
Goldman Sachs	100 1/4	100 1/4	100 1/4	+1 1/4
JP Morgan Chase	80 1/4	80 1/4	80 1/4	+1 1/4
Bank of America	60 1/4	60 1/4	60 1/4	+1 1/4
Wells Fargo	40 1/4	40 1/4	40 1/4	+1 1/4
Citigroup	20 1/4	20 1/4	20 1/4	+1 1/4
First Union	10 1/4	10 1/4	10 1/4	+1 1/4
Bank One	5 1/4	5 1/4	5 1/4	+1 1/4
Capital One	4 1/4	4 1/4	4 1/4	+1 1/4

Market Sales

NYSE	AMEX	NASDAQ
1,234,567	123,456	2,345,678

Dow Jones Averages

Open	High	Low	Last	Chg.
3944.45	4046.40	3944.45	4035.26	+51.87
152.25	152.25	152.25	152.25	+1.25
137.49	137.49	137.49	137.49	+1.25

Standard & Poor's Index

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

NYSE Indexes

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

NASDAQ Indexes

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

AMEX Stock Index

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Dow Jones Bond Averages

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

NYSE Diary

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

AMEX Diary

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

NASDAQ Diary

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Spot Commodities

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

EUROPEAN FUTURES

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Metals

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Financial

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Stocks

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Dividends

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Stock Splits

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Correction

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Initial

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Reduced

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Regular

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

U.S. FUTURES

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Grains

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Metals

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Financial

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Stocks

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Dividends

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Stock Splits

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Correction

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Initial

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Reduced

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Regular

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

U.S. / AT THE CLOSE

High	Low	Last	Chg.
490.45	489.57	489.57	+6.41
152.25	152.25	152.25	+1.25
137.49	137.49	137.49	+1.25

Union Pacific Bids for Railroad Ally

CHICAGO (NYT) — After decades of increasingly close ties, Union Pacific Corp. has agreed to buy the 70 percent of Chicago & Northwestern Transportation Co. it does not already own for \$3.5 billion, or nearly \$11.1 billion, the companies said Friday.

The deal between Union Pacific — the largest U.S. railroad, with 17,800 miles (29,000 kilometers) of track in 18 Western states — and Chicago & Northwestern — the eighth-largest line, with 5,600 miles in nine states — was struck just two days after the Interstate Commerce Commission gave Union Pacific clearance to discuss any arrangement it wanted for expanding its control of Chicago & Northwestern.

Chicago & Northwestern's biggest business is transporting coal from the Powder River Basin in Wyoming, all of which is passed off to Union Pacific lines in Nebraska for at least part of its journey. Union Pacific relies on a crucial part of its network, from Omaha to Chicago & Northwestern's traffic is handed off to Union Pacific at some point and 20 percent of the Union Pacific's traffic travels on Chicago & Northwestern lines at some point. That interdependence led Union Pacific to acquire its current stake in the Chicago & Northwestern as part of the smaller railroad's leveraged buyout in 1989.

Their ties actually go back much further — in fact, Chicago & Northwestern traces its history back to the Galena & Chicago Union Railroad, which was founded in 1848 and carried much of the material used to build the Union Pacific, the railroad that first linked the East with California.

Chicago & Northwestern shares closed up \$8.125, at \$34.25. Union Pacific's stock rose 87.5 cents, to close at \$51.

Software Copyright Ruling Reversed

NEW YORK (NYT) — A federal appeals court panel granted a last-minute stay of execution to financially strapped Borland International Inc. late Thursday, overturning a lower court's copyright-infringement ruling that might have required Borland to pay \$100 million or more in damages to the Lotus Development Corp.

Court documents filed last month had indicated that Borland expected to have only about \$47 million in cash by June. Some analysts had predicted that Borland might have to be sold or file for bankruptcy if it were forced to pay damages to Lotus.

A three-judge panel of the 1st U.S. Circuit Court of Appeals in Boston ruled Thursday that a feature in Borland's Quattro Pro spreadsheet software did not violate the copyright on Lotus' 1-2-3 spreadsheet.

That decision overturned a copyright violation finding in August 1993 by Judge Robert Keeton of U.S. District Court in Boston. "This is fantastic," said Philippe Kahn, Borland's chairman and founder. "It lifts a huge cloud off of Borland."

Borland stock rose \$1.375, to close at \$9.75. Lotus closed up \$2.50, at \$44.50.

Time Warner Plans Local Phone Tie

INDIANAPOLIS (AP) — Time Warner Inc. said Thursday that it planned to offer local phone service on its cable-TV system in Indianapolis as soon as state regulators allow.

The city became the third place to be publicly targeted by Time Warner Communications, a subsidiary part-owned by U.S. West, for local telephony.

EUROPE

More Banks Join Bidding in Italy For Phone Firm

Bloomberg Business News

MILAN — Three of Italy's largest banks have countered a bid by Mediobanca SpA for the telecommunications conglomerate Stet SpA, prompting the government to consider changing the way it sells state companies.

Istituto Mobiliare Italiano, Cariplo Savings Bank and Istituto San Paolo di Torino outlined their offer in a letter late Thursday to Stet's parent, the state industrial holding company Istituto per la Ricostruzione.

Four top Italian banks led by Mediobanca offered to buy the state's stake in Stet, IRI said Tuesday. It added that the four banks had not offered a price but that at Stet's share price then, the value of their offer would have been about 12 trillion lire (\$7.26 billion).

The Mediobanca bid, which was unsolicited, did not follow the usual procedure for the sale of state assets. A summer public offering of Stet has been scheduled in Milan and New York.

Under current legislation, state asset sales must be carried out through public offerings. But Prime Minister Lamberto Dini said earlier this week that he wanted to see the Stet sale completed as quickly as possible — by the summer at the latest.

Discussing the counteroffer proposal, an Istituto Mobiliare executive said, "This letter simply means that if the government is planning to change the rules governing state asset sales, it should make the new conditions clear to everyone, and that our bank is ready to take part along with Cariplo and San Paolo."

IRI will hold a board meeting Tuesday and is expected to discuss the offer.

Stet shares have plunged as investors worried that instead of a straightforward public share sale, the company might swap one controlling shareholder for another.

The stock closed down 100 lire, at 4,370 lire, Friday. It has fallen more than 7 percent since Monday, when reports of the Mediobanca offer surfaced.

"Investors are saying, 'This is one of Italy's best companies, and now the asset sale is going a completely different way from what we thought,'" said Eric Stock, manager of the Italy Fund at Lehman Brothers.

Stet SpA has said that its 1994 net profit rose 30 percent to 2 trillion lire. It has yet to release sales figures for 1994.

Mark Fails to Curb Germany

By Rick Atkinson
Washington Post Service

BERLIN — The expanding German economy, strong and getting stronger, this week showed signs of becoming downright muscular.

Two nearly simultaneous developments — the sharp rise in the value of the Deutsche mark and the generous settlement of labor contract disputes — suggested how robust the economy was barely a year after the country's worst post-war recession ended. But German economists wondered how that one-two punch would affect a recovery that has just begun to build momentum.

Export industries are crucial to the German economy — no country depends more on selling abroad for its prosperity — and a strong mark coupled with rising labor costs makes goods more expensive. Exports account for about 25 percent of Germany's gross domestic product, for example, compared with about 15 percent for Japan.

Some economists believed the mark's appreciation has eroded much of the cost-cutting gain made by German companies trying to streamline and restructure since the recession ended early last year.

In the past year, according to a statement by Economics Minister Günter Rexrodt, the mark has risen in value by 18 percent against the dollar, 16 percent against the lira and 9 percent against the pound.

German production costs, already the steepest in the world, were pumped even higher this week by a contract settlement with Bavarian metalworkers that will increase employers' labor costs an estimated 4.7 percent.

Subsequent contract settlements with chemical, insurance and wood industry workers have been around 4 percent, raising fears that the deals will lead to an increase in inflation, now down to 2.3 percent.

[West German consumer prices rose by 0.4 percent in February from the figure for January and by 2.4 percent in the 12 months to the end of January, final figures showed on Friday, according to an Agence-France Presse dispatch from Wiesbaden. Prices in January had risen by a monthly rate of 0.5 percent and an annual rate of 2.3 percent.]

"The wage deals are above expectations. It looks like they could be closer to 4 percent than to the 3 percent expected," said Kermit Schoenholtz, an analyst with Salomon Brothers International in London. "That's happening in the second year of the German economic recovery compared to the United States, where unemployment costs have been reasonably moderate even in the fourth year of recovery."

Although some industrialists have hardly concealed their despair — Edzard Reuter, the retiring chairman of Daimler-Benz AG, called the IG Metall deal "catastrophic" — others pointed to symptoms of a strong, sustainable German recovery.

"Remember that last year you had record low wage gains in Germany," said Mr. Schoenholtz. "So what you're seeing in part is a successful effort on the part of the unions to claw back some of the national income share they lost in 1994."

Other positive signs abound. The government last year reduced the national debt to 155 billion DM (\$110.9 billion) from 178 billion DM in 1993, and the figure is expected to shrink again this year. Also, exports in 1994 increased to the equivalent of \$468 billion from \$429 billion in 1993. Growth last year in Germany was 2.9 percent and Eastern Germany continues to expand at nearly 9 percent, making it the fastest-growing region in Europe.

[Mr. Rexrodt said Friday that gross domestic product was on course to grow 3 percent in 1995 despite the strength of the mark, Agence France-Presse reported from Bonn.]

Special correspondent Matt Marshall contributed to this article.

Sandvik Reports '94 Sales Jump

Compiled by Our Staff From Dispatches

STOCKHOLM — Sandvik AB, a Swedish maker of specialized steel and machine tools, said its 1994 pretax profit jumped to 3.81 billion kronor (\$534.1 million) from 1.76 billion kronor as sales surged.

The company said sales in 1994 totaled 25.29 billion kronor, up from 21.77 billion kronor. The company said it expects "further earnings improvement" this year.

Sandvik will pay a dividend of 3.75 kronor per share, up from 2.25 kronor in 1993.

Sandvik said demand was strong throughout 1994, particularly in the fourth quarter. Orders received were up sharply in all markets. The economic improvement in Europe had strong effects on results and the "good" economic situation in North America and Southeast Asia continued, it said.

Sales in Sweden were up 21 percent, in European Union countries, 18 percent, and in other European countries, 21 percent.

Sales in North America rose by 17 percent, while in South America they increased 12 percent. Sales were up in Asia and Australia by 10 percent, but fell 2 percent in Africa and the Middle East. (Bloomberg, AFX)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2300	3300	2100
2200	3200	2000
2100	3100	1900
2000	3000	1800
1900	2900	1700
1800	2800	1600
1700	2700	1500
1600	2600	1400
1500	2500	1300
1400	2400	1200
1300	2300	1100
1200	2200	1000
1100	2100	900
1000	2000	800
900	1900	700
800	1800	600
700	1700	500
600	1600	400
500	1500	300
400	1400	200
300	1300	100
200	1200	0
100	1100	-100
0	1000	-200
-100	900	-300
-200	800	-400
-300	700	-500
-400	600	-600
-500	500	-700
-600	400	-800
-700	300	-900
-800	200	-1000
-900	100	-1100
-1000	0	-1200

Sources: Reuters, AFP International Herald Tribune

Very briefly:

• Bayer AG, the German chemicals company, said it would announce an acquisition on Monday. Andrew Tate, a Bayer spokesman, said he "believed the acquisition was supposed to be in the United States." There has been speculation that Florsynth Inc., a privately held food flavorings company based in Teeterboro, New Jersey, would be purchased by Bayer. A Florsynth spokesman refused to comment.

• Germany's Federal Cartel Office has nullified long-term agreements between BASF AG's natural gas unit and two gas suppliers in Eastern Germany on the grounds that the agreements had created a cartel.

• Spain's unemployment rate fell to 16.65 percent in February from 16.7 percent in January, the Labor Ministry said. The number of jobs fell by 10,556, to 2,575,873.

• Compagnie de Suez SA, the French financial company, might expand into tourism, said Gérard Worms, the company chairman in an interview with the French daily Le Figaro.

• Austria's current-account deficit rose to 22.3 billion schillings (\$2.27 billion) in 1994 from a deficit of 8.2 billion in 1993.

• Fininvest SpA, an Italian holding company, said it expected to post sharply higher operating profit in 1994 than in 1993 when it recorded a profit of 55.7 billion lire (\$3.7 billion).

• S. G. Warburg Group PLC said it sold Pallas Group, a financial services unit, to GE Capital Europe for £71 million (\$114.68 million). (Reuters, Bloomberg, AFX, AFP)

Group of Lloyd's Investors Wins Suit Against Agents

Compiled by Our Staff From Dispatches

LONDON — More than 1,600 investors in the Lloyd's of London insurance market won a court battle on Friday to prove that the Feltrin underwriting syndicate had been negligent in investing their money.

Damon de Laszlo, chairman of the group of investors, said the award would be "hundreds of millions of pounds." He was unable to be more exact since the judge did not say how much should be awarded and limited

himself to laying down principles for damage assessment.

The judge ruled that three of the insurance syndicates that did business at Lloyd's exposed investors to unfair risks without purchasing sufficient reinsurance to cushion big losses.

The judgment comes five months after the Gooda Walker group of Lloyd's investors won an estimated £500 million (\$807.6 million) judgment against their Lloyd's agents. (Bloomberg, AFP, AP)

Canal Plus Shares Slide

Reuters

PARIS — Shares in the French television company Canal Plus SA nose-dived on Friday, forcing the stock market to suspend trading twice, after the pay broadcast channel reported profits had plummeted 48 percent in 1994.

Investors turned their thumbs down on the stock following the company's surprise announcement Thursday that net profit had tumbled to 626 million French francs (\$124.7 million) from 1.2 billion francs in 1993 and that it was slicing its dividend to 15 francs from 25.

Company executives said they did not expect profits to grow in 1995 because of development costs, and said they could not make any forecasts for the following years in the interests of "prudence." The chairman, Pierre Lescure, said the profit still represented a good performance for Canal Plus, Europe's biggest pay television channel.

The company blamed the tumble on the cost of new projects, mainly in Germany, where it has launched an ambitious promotional drive to recruit subscribers, as well as a number of other development initiatives.

Trafalgar Tries Another Tack

Compiled by Our Staff From Dispatches

LONDON — Trafalgar House PLC dropped its £1.29 billion (\$2.08 billion) hostile takeover bid for Northern Electric PLC on Friday when it did not win enough support, but it promptly offered a smaller, all-cash offer for the British utility.

Trafalgar dropped its offer after determining that it did not have the backing of the owners of at least 90 percent of the company's capital. Such support was a term of the original bid.

Northern Electric promptly rejected Trafalgar's follow-up 950-pence-per-share offer, offering, saying it undervalued the company at £1.11 billion.

Trafalgar House's unacceptable proposal for a lower bid, Chairman David Morris said, "appears to be little more than a crude attempt to take advantage of the current uncertainties affecting the regional electricity company sector. This bid has gone on long enough."

Trafalgar's change of tactics followed a fall in the price of Northern's stock since Tuesday, when a regulator warned of possible price caps.

Under the terms of its original offer, Trafalgar House needed the 90 percent support by Friday. As of late afternoon, it had valid acceptances from the holders of no more than 83.4 percent of Northern Electric shares.

Trafalgar is part of the Jardine Matheson group, which analysts said was seeking to expand its

presence in Britain in case it has to abandon Hong Kong because of its poor relations with China. (Reuters, AFX)

■ **Trade Deficit Widens**
Britain's merchandise trade deficit widened to £1.64 billion in December, the largest gap in three years, the Central Statistical Office said Friday, news agencies reported from London.

The November deficit was revised to £754 million from £640 million.

The increase came mostly from a widening deficit with fellow European Union countries.

For all of 1994, the deficit fell to £10.7 billion, from £3.4 billion, the lowest annual deficit since 1991. (AFP, Bloomberg)

Crédit Lyonnais To Reveal Plan

AFX News

PARIS — Crédit Lyonnais said Friday that its restructuring plan and provisional 1994 results would be announced by March 23, the scheduled date for a board meeting.

Final results would take longer to establish, sources close to the bank said, because the rescue plan was based on the removal of more than 100 billion French francs (\$20.1 billion) in assets from the bank's balance sheet.

Such a large accounting procedure would cause a change in the bank's financial structure.

The plan would allow the bank to report a net loss of about 10 billion francs for 1994 without violating capital-adequacy ratios, the sources added.

German Workers Pass Pact

Compiled by Our Staff From Dispatches

FRANKFURT — Striking members of Germany's IG Metall union voted overwhelmingly to accept a two-year wage agreement, the union said Friday.

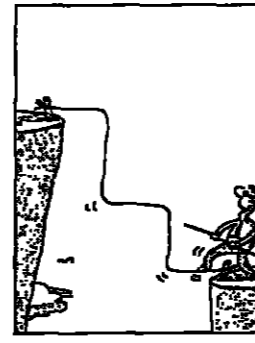
The strikes ended Friday morning, a spokesman said. Almost three out of four Bavarian metalworkers backed the deal, which gives them a 3.4 raise from May through October and a further 3.6 percent raise after that.

A leading industrialist attacked the wage agreement, calling it a catastrophe for the German electrical and metalworking sectors. The president of ASG-Hausgeräte AG, Carstenmann Damm, said that his company would have to pay twice, first for the Bavarian strikes, which he said had cost 30 million Deutsche marks (\$21.5 million), and then to increase pay. (Knight-Ridder, Reuters, AFP, Bloomberg)

In this Monday's CAREERS

The Job Market

The debate over deferred benefits.



Herald Tribune
THE WORLD'S DAILY NEWSPAPER

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THE WORLD'S DAILY NEWSPAPER

12 Month High Low Stock	Dly	Vol	PC	Stk	Link to Fundamentl
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Stock	Div	Yld	PE	Ratio	High	Low	Change
1524 Tropic		10	10	10	175	175	0
1525 Tropic		10	10	10	175	175	0
1526 Tropic		10	10	10	175	175	0
1527 Tropic		10	10	10	175	175	0
1528 Tropic		10	10	10	175	175	0
1529 Tropic		10	10	10	175	175	0
1530 Tropic		10	10	10	175	175	0
1531 Tropic		10	10	10	175	175	0
1532 Tropic		10	10	10	175	175	0
1533 Tropic		10	10	10	175	175	0
1534 Tropic		10	10	10	175	175	0
1535 Tropic		10	10	10	175	175	0
1536 Tropic		10	10	10	175	175	0
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1539 Tropic		10	10	10	175	175	0
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1583 Tropic		10	10	10	175	175	0
1584 Tropic		10	10	10	175	175	0
1585 Tropic		10	10	10	175	175	0
1586 Tropic		10	10	10	175	175	0
1587 Tropic		10	10	10	175	175	

[illegible]

Sales figures unaffected. Yearly basis and loss reflected the first 10 of 22 weeks since the current week, not the latest trading day. Where a stock has been sold, the year's sales based on dividend are shown for the new stock only. Underlined figures are based on the latest declaration.
 Dividend declared on or prior to the current date.
 x - general rule of dividend plus stock dividend.
 y - dividend declared.
 C4 - call.
 C5 - call.
 x - dividend declared or sold in preceding 12 months.
 y - dividend declared or sold in preceding 12 months.
 C4 - call.
 x - dividend declared after sell-up or stock dividend.
 y - dividend sold this year, deferred, or no action.
 C4 - call.
 x - dividend declared or paid this year, as accumulative basis with dividends in arrears.
 y - dividend declared or paid this year. The high-low runs begin with the start of trading.
 C4 - call day dividend.
 P/E - price-earnings ratio.
 x - dividend declared or sold in preceding 12 months, plus stock dividends.
 y - dividend declared with date of sale.
 C4 - call.
 x - dividend sold in stock in preceding 12 months, estimated cash value as an ex-dividend or an after-stock dividend.
 y - new issue.
 C4 - call.
 x - in bankruptcy or receivership or taken over by another company.
 y - in bankruptcy or receivership or taken over by another company.
 C4 - call.
 x - when liquidated.
 y - when liquidated.
 x - no dividend or no yields.
 y - no dividend or no yields.
 x - without warrants.
 y - without warrants.
 x - with warrants and sales in full.
 y - with warrants and sales in full.
 C4 - call.
 y - yield.

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Chinese State Firm Sues Lehman Over Derivatives Losses

By Peter Truell
New York Times Service

HONG KONG—A Chinese government trading company has countersued Lehman Brothers Inc. in U.S. District Court in Manhattan, contending that the firm induced one of its employees into making "more than \$35 billion in unauthorized derivatives trades unrelated to its business."

The suit, which seeks \$128 million in damages, contends that Lehman's sophisticated executives seduced the employee, Hu Xiangdong, into making "incredibly complicated derivatives transactions that were impossible for him to understand." The suit was filed Thursday by Minmetals International Nonferrous Metals Trading Co.

A Lehman Brothers spokesman, Steven H. Faigen, responded: "Their complaint and allegations are simply a smoke screen for not paying their obligations. Portraying the situation as similar to some other derivative-related issues is cynical opportunism and has no relation to the facts."

Like many other investment houses, Lehman enthusiastically pursued business with companies in China in recent years as that country's economy grew strongly. But that enthusiasm has soured.

As relations with the Chinese cooled, Lehman in November sued Minmetals International and its parent company, China National Metals & Mineral Import & Export Co. in the same court, saying it had lost \$53.5 million in unpaid debts and margin calls. Such calls require investors to put up cash or collateral to help offset trading losses.

Minmetals had until next week to answer the Lehman suit, and with the countersuit, the matter is expected to go to trial.

"These were young, pushy investment bankers who weren't being supervised that well," said

Aaron Rubinstein, a partner at Kaye, Scholer, Fierman, Hays & Handler, the law firm representing Minmetals. He maintained that Mr. Hu was not authorized to make many of the trades and that Lehman did not disclose to him the full risks of the trading.

Mr. Faigen of Lehman denied this and maintained that Mr. Hu was a sophisticated trader who had made some trades that resulted in losses.

Derivatives are a generic name for a slew of financial instruments, including options and futures, that are priced off, and derive from, the underlying performance of instruments such as stocks and bonds.

In November, Lehman sued China International United Petroleum Chemicals Co., seeking \$44 million in unpaid bills.

Japan Holds Growth Path

Compiled by Our Staff From Dispatches

TOKYO—The Japanese economy is gradually recovering, the Economic Planning Agency said Friday, despite the Kobe earthquake in January.

But the agency said it remained quite concerned about the rise in the yen's value.

In its monthly report to the cabinet, the agency said the quake likely had a limited impact on the economy. It said consumer spending, industrial production and exports were returning to their prior levels.

Retail sales, particularly at department stores, fell in January, while the trade surplus was off by half because of damage to Kobe's port.

"Corporate fixed assets are still undergoing a correction," the report said, but it noted indications of a turnaround, including improvements in private-sector machine orders.

(APX, Bloomberg)

Debt Weighs on Rupiah But Indonesia Rejects Peso Comparisons

Bloomberg Business News

JAKARTA—With its heavy burden of international debt, Indonesia has been plagued by speculation that its currency, the rupiah, is set to be devalued.

Indeed, with 40 percent of its \$87.6 billion in foreign debt denominated in yen and 90 percent of its overseas revenue in U.S. dollars, Indonesia has been particularly hurt by the yen's gains this week against the dollar.

But government officials and many analysts have maintained that the rupiah will not share the fate of the Mexican peso. While the rupiah has fallen sharply against the dollar this week, they say, Indonesia's economic situation is far different from that of Mexico.

"The Mexican peso was seriously overvalued against the dollar, whereas the rupiah is being depreciated gradually, and thus is undervalued," said Roland Haas, who manages a \$6 million mutual fund that invests in Indonesia. Speculation about a rupiah devaluation became so intense this week that Bank Indonesia called a meeting with commercial bankers and traders to quell the rumors. The central bank told them that the government was well-insulated from currency turmoil.

"They've been hedging," said one currency trader. "The interest portion of the debt is what demands immediate payment and they said they're fully covered in the medium term. They bought the yen when it was at 100 to the dollar and, if they want to be more playful, they could turn that into a profit."

The dollar and yen are included in a basket of foreign currencies through which the rupiah's value is measured. The central bank has not revealed how the basket is weighted.

Despite the central bank's explanations, speculation in the rupiah has continued. The dollar was trading at 2,226 rupiah on Friday in New York, having begun the week at 2,216.

Traders said the biggest concern among investors in Indonesia was that the yen's gains against the U.S. currency increased the size of Indonesia's debt to Japan. The dollar closed at 91.00 yen in Tokyo on Friday, up from a record low of 88.76 yen Wednesday but sharply down from the 96 yen level of March 2.

But government officials said that worried investors were ignoring things that made the rupiah different from the Mexican peso.

One official said that the rupiah was managed to lose between 3 percent and 4 percent of its value against the dollar every year, in order to make Indonesian goods affordable for foreign consumers and to encourage exports.

Some economists added that 90 percent of Indonesia's \$14 billion of debt to Japan was via concessional loans, which carried interest rates of around 3 percent, far below market rates. Moreover, while Mexico has spent much of its borrowed money on consumer goods and imports, most of the foreign money in Indonesia has been in the form of direct investment that generates revenue, said one analyst.

"I don't think there is any reason to think that there will be a devaluation," Mr. Haas said. "It would be the worst thing that could happen in terms of foreign direct investment in the nation. If you devalue your currency, inflation goes through the roof and that's completely unpalatable. After the biggest foreign direct investment in 10 years, Indonesia doesn't want that."

China Firm to Cover Loss

Bloomberg Business News

SHANGHAI—Shanghai International Securities Co., China's largest brokerage, said Friday it would use accumulated profits and bank loans to make up for bond-futures trading losses it suffered two weeks ago.

Shanghai International is being investigated after the failure of a large bet that 1992 treasury-bond prices would fall, dumped the bonds in late trading on Feb. 23. Prices for the bonds ended up rising on speculation that the government would link the 1992 bond's coupon to inflation.

"We don't need any help from others," said David Wei, a spokesman for the company. "We will take long-term assets and convert them to short-term assets, and convert short-term assets to cash."

Black Will Guard His Fairfax Stake

Bloomberg Business News

LONDON—Canadian media baron Conrad Black said Friday that he intended to remain the largest shareholder in the Australian newspaper publisher John Fairfax Holdings Ltd. He currently has a 25 percent stake.

"We will either assert a genuine control or will contemplate a very well-paid departure," he said. "Because he is a foreigner, Mr. Black is limited to his current 25 percent holding."

Both Mr. Packer and Mr. Murdoch have suggested they would like to control Fairfax.

Investor's Asia

Hong Kong	Singapore	Tokyo
Hang Seng	Straits Times	Nikkei 225
10200	2400	21000
9000	2300	20000
8000	2200	19000
7000	2100	18000
6000	2000	17000
5000	1900	16000
4000	1800	15000
3000	1700	14000
2000	1600	13000
1000	1500	12000
0	1400	11000
1994	1994	1994
Exchange	Index	Friday Close
Hong Kong	Hang Seng	7,949.39
Singapore	Straits Times	2,061.28
Sydney	All Ordinaries	1,868.90
Tokyo	Nikkei 225	15,358.38
Kuala Lumpur	Composite	935.12
Bangkok	SET	1,189.48
Seoul	Composite Stock	944.37
Taipei	Weighted Price	6,453.52
Manila	PSE	2,310.96
Jakarta	Stock Index	432.73
New Zealand	NZSE-40	1,944.75
Bombay	National Index	1,705.65
		Prev. Close
		% Change
		-1.58
		-0.46
		-0.46
		-2.41
		-1.69
		-2.10
		+0.07
		+1.02
		-2.49
		-1.09
		-0.65
		+0.89

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Far Eastern Textile Ltd. of Taiwan said it would take its first step into China by building a \$30 million textile plant in Shanghai.
- Toshiba Corp. said it had agreed to work with Sumitomo Corp. of Japan, Orion Electric Co. of South Korea and an Indonesian company to make color-television tubes in Jakarta.
- Hong Kong Telecommunications Ltd. said it would reduce the number of its employees to 13,500 from 16,000 by March 1998.
- HSBC Holdings PLC said its Midland Bank PLC unit would open a branch in Sydney on Monday.
- Nippon Sanso Corp., Japan's largest manufacturer of highly pressurized oxygen and other gases, said it had lost 11.9 billion yen (\$130 million) trading in interest-rate swaps.
- Telstra Corp., the telecommunications carrier owned by the Australian government, said its pretax profit for the six-month period ended December 31, 1994, rose 3 percent to 1.53 billion Australian dollars (\$1.13 billion).
- Yukong Ltd., South Korea's largest oil-refining firm, said it would invest 180 billion won (\$229.6 million) to expand petrochemical production capacity.
- ITC Ltd., India's tobacco and hotels group, bought 10 percent of the state-run Indian Tourism Development Corp. for 506 million rupees (\$15.9 million), said local press reports in New Delhi.
- NTT Mobile Communications Network Inc., the cellular-phone unit of Nippon Telegraph & Telephone Corp., said it was considering rate cuts to compete with four rival operators.
- Japanese steelmakers plan to raise the prices of their steel-sheet exports to Asia in April; hot-rolled steel coils, for example, will rise about \$40, to \$410 per ton.

Reuters, Bloomberg, APX

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THE MONEY REPORT

FIRST COLUMN

Discovering Rewards of Long Term

The wild winds blowing through this week's currency and stock markets have provoked the usual chorus of protest from politicians and central bankers. Or perhaps a better word than "protest" might be "bleating." Why, after all, should one be more charitable to a group of eminent persons who, through most of this century, have championed the virtues of capitalism against the idea of planned economies? These people have ushered the free-market system to victory, and it is hardly their place to complain if they do not like the rate at which a currency or a share market trades.

There is, however, a category of persons more deserving of sympathy. Pity those who are retired, for they are the true victims of market vagaries.

Unless, that is, they have made some smart strategic moves. In which case, their main activity this week will have been to check the weight of their wallets and laugh. Now, with the dollar in free fall against Swiss franc, the Deutsche mark and the yen, clever investment strategies seem less and far between.

This is not the case, especially if the idea of long-term strategy as opposed to short-term tactics has any worth. Over the short term, investors can gamble on currencies and markets as aggressively as they like. The result will be dramatic gains or losses, as any Barings employee or trader will tell you.

But this kind of high-risk approach is not available to retired folk, who must concentrate on accumulating sufficient wealth over the years in order to live a comfortable old age.

The classic plan for the retired has varied, but in general, the plan has been to make the risky investments in the early years, and transfer into safer securities a few years before retirement. In the United States and Britain, the risk investment has often been shares. These have worked well, consistently outperforming inflation in the second half of the century.

So the pensioner who is due to retire soon should be more or less immune to the howls of this week — especially if the pension fund deposits have been spread around several currencies.

But the challenge, as ever, is to guess the next smart strategy. The average age of the populations in many developed countries is set to rise rapidly. This poses a number of difficult questions for the world economy, and in particular the investment managers. Will the asset-management industry be acute enough to manage investors' money in such a way as to avoid mass poverty in old age? Will company shares still be a good investment? After all, lots of pensioners lost money in the '40s and '50s because they hadn't appreciated the joy of equities and had been in bonds for years.

M.B.

Retiring Baby Boomers Dread the End of the Boom Times

By Aline Sullivan

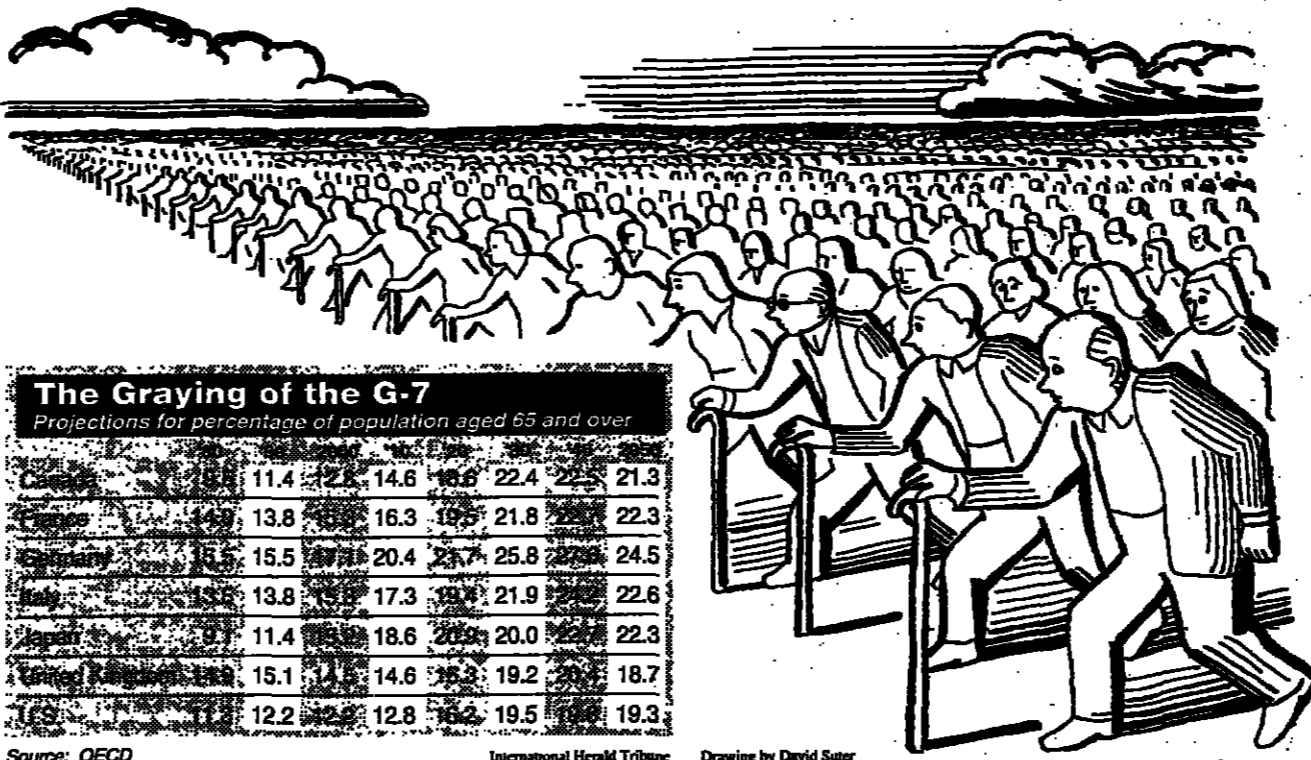
Baby boomers are counting their gray hairs and starting to worry. And for good reason. Retirement is looming and there will be relatively few working people to help support them in their old age.

Population growth may be spiraling out of control, but only in the developing world. In the 24 industrialized countries that belong to the Organization of Economic Cooperation and Development, or OECD, populations are instead aging rapidly as people live longer and have fewer children.

The proportion of people in developed countries aged 65 and older will almost double to 21.9 percent by the year 2050, according to the OECD. That compares to only about 5 percent at the beginning of this century in even the most advanced countries. Advances in medicine and social conditions and healthier lifestyles have made aging populations a late 20th century phenomenon.

The elderly will become more conspicuous in the second and third decades of the next century, when the generation born between 1945 and 1965 — the baby boomers — approach retirement. By 2040, the number of people aged 65 or more should total 189.3 million in OECD countries, up from 115.7 million at the turn of the century. That number will settle back to 182.7 million by 2050, by which time many of this celebrated generation will have drawn their last breath.

But until then, the baby boomers will continue to make their presence felt. Sylvester Schieber, director of research at Wyatt Co., an actuarial consulting group in Washington, believes their generation



Source: OECD

International Herald Tribune

Drawing by David Suter

will soon "wreak havoc" with the U.S. retirement system.

"This group has placed tremendous demands on U.S. social programs," he said. Baby boomers strained the country's educational system from the 1950s to the '70s, then ballooned the ranks of the labor force. Now their older members have retirement in their sights.

"The numbers presage the extent of the impact this group will have," said Mr. Schieber. "Today 13 percent of the U.S. population is over 65. By 2030 fully one in five Americans will be over 65."

That's bad news for members of the so-called Generation X, just entering the job market. Currently, 3.2 workers contribute to the U.S. Social Security system for

each retired person receiving benefits. By the year 2030, the number of workers supporting each retired person will drop to two, leaving each of them with a far greater burden unless the system is radically changed.

Across the industrialized world, the proportion of working-age people (aged 16 to 64) will decline by an average of

four percentage points by 2050, according to the OECD. Only Turkey and Ireland are continuing to produce more than enough children to replace their current populations and will therefore have relatively youthful populations by the middle of the next century.

Of course, youth is relative. In each of the seven major OECD countries (Britain, Canada, France, Germany, Italy, Japan and the United States) it is projected that more than one in five of the working-age population will be aged 55 or over by 2020. Germany and Japan will already have reached this point by the turn of the century.

This aging of populations will be accompanied by the elderly getting older. In 1990, people over 80 represented 21.7 of the total of elderly people in OECD countries. Longer life expectancy means that by 2050 they should account for about 30.7 percent of the total, making them the fastest growing segment of the overall population. This trend is particularly noticeable in Western and Northern Europe, the OECD found.

But longer life doesn't mean a longer working life. Instead, baby boomers will be in retirement far longer than their parents. In the United States, for example, 45 percent of males over 60 were in the labor force in 1960. By 1990 that proportion had dropped to 27.4 percent, due largely to early retirement incentives.

The industrialized countries will have to adapt to these changes, not only for the next 50 years but for the foreseeable future. The OECD projects that birth rates will hover at the replacement rate until 2050, when they will pick up slightly. Irreversible social changes, particularly in the economic role of women, make another baby boom unlikely.

The Villainous Elderly? You'll Get Up There Yourself One Day

By Ann Brocklehurst

As many Western countries debate the affordability of their social programs, a new villainous stereotype is emerging. It's the wealthy old person, seen to be living it up on the public purse in a manner future generations will never be able to afford.

From a financial point of view, it is certainly true that the 1990s are a good time to be old in the countries of the OECD. Older citizens of these nations are often well off compared to younger generations, in terms of income and of accumulated wealth.

In the United States, a recent study by Capital Research Associates noted that for households with a net income of \$30,000, families headed by a person aged 65 to 74 had an average net worth of \$222,000, while those headed by a 35- to 44-year-old had average net worth of \$66,000. Not counting real estate, which has proven a windfall for many of the elderly, the net financial assets of families headed by someone over 65 averaged \$77,000, compared to \$8,000 for a family headed by someone younger than 45.

According to John Myles, director of

the Pepper Institute on Aging and Public Policy at Florida State University, this situation is not a new one. "You've always had rich old people," he said. "It's simply because it usually takes a lifetime to get rich."

Even in the '60s, he added, when "most old people were poor, most rich people were old."

What's changed since the 1960s is that, thanks to the success of the postwar Social Security programs, most old people are no longer poor. Mr. Myles said that the median income of a married elderly couple in the United States is 109 percent of the median for all families. In Germany, it's 103 percent and in France 99.5 percent. The World Bank's 1994 research report, "Averting the Old Age Crisis," states: "In most OECD countries, current income is lower and poverty is higher among working age adults and children than among the old."

Mr. Myles cautioned, however, that it is important to look at the statistics for such low-income earners as single elderly women as well as average earners. In the United States, one in three single women aged over 65 lived in poverty in 1986, twice the overall rate.

Figures such as that, combined with the

some dire actuarial predictions that, based on current demographic trends, public pensions will soon go broke, appear to have scared younger generations. A poll conducted last year by the International Association for Financial Planning showed that 59 percent of American adults were very or somewhat concerned that their retirement, up from 43 percent in 1989. Fifty-two percent said they were saving more money than a year ago, with 29 percent saving less and 19 percent the same.

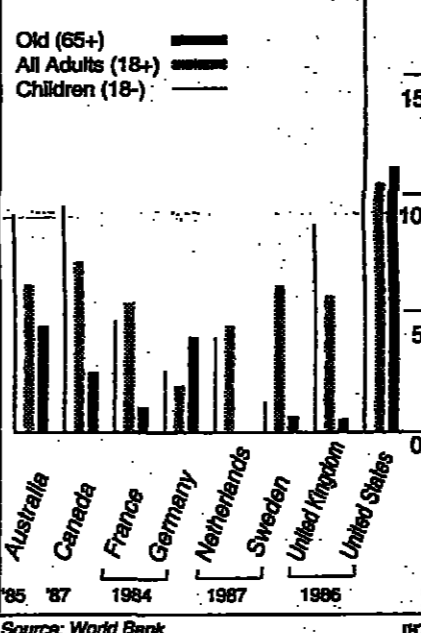
The U.S. net national saving rate measured 2.7 percent of income in 1994, higher than the average of 2.4 percent in the first four years of the 1990s but still sharply lower than the average 9.1 percent for the 1950s and 1960s. A recent study by three prominent American economists attributed this steep decline to two causes: "government redistribution from young and as yet unborn generations to older ones and increases in the elderly's propensity to consume."

"Today's 70-year-olds are consuming, on average, roughly one-fifth more than 30-year-olds," the reports say. It also notes that young and middle-aged Americans consumed no more in the late '80s than the early '60s.

If one considers, however, that the report uses an economist's definition of consumption and includes services like medical care which the elderly do not necessarily pay for themselves, they begin to look less profligate. "I'm not

Poverty by Age Group

Percentage of age group in poverty in the mid-1980s



Source: World Bank

health care, nonmedical consumption has also climbed sharply higher. To relieve the burden on younger generations, Mr. Kotlikoff says the government must reform, as soon as possible, both the health care and old-age security systems as well as providing greater incentives to save to the entire population.

As much as pension reform is needed in the West to secure the financial futures of the young, the problems are more urgent in the former Socialist economies of Eastern Europe where per-capita income has dropped for all age groups in the last 10 years.

"I wouldn't like to be old in Eastern Europe," said Estelle James, who led the research team that wrote the World Bank report. "The young may be in the same boat today, but at least they have a hope of a brighter future."

While young people in countries with expanding economies will probably be better off than their parents, the world bank report says these countries should require people to save for their own retirement. Government pensions should be designed or, in most OECD countries, redesigned to provide a minimum income for the old.

Regardless of what governments decide to do, however, there will still be a generation of losers if and when countries move from generous public pensions to compulsory private retirement savings. "My daughter will be 36 next June. No matter what happens, she's going to be a loser," Ms. James said. "The degree to which she'll be a loser depends on how the transition is spread."

How Savvy Are Variable Annuities?

By Judith Rehak

Give an American the opportunity to invest for retirement, hang a "tax-deferred" sign on it, and it's almost guaranteed to attract attention and investors.

That accounts for much of the surge in popularity of a product called a variable annuity, a group of mutual funds sold with an insurance "wrapper" that allows earnings to grow tax-deferred until they are withdrawn after the age of 59 and a half. These vehicles have been around since the late 1970s, but their growth has exploded in the past two years, as other tax-deferred investments have been eliminated and the top U.S. income tax rate has hit 39.6 percent. According to Morningstar Inc., the Chicago fund-data group, assets in variable annuities zoomed to \$181.4 billion last year, up from only \$51 billion at the end of 1990.

Spotting a hot product, mutual fund companies, insurers, brokerages and banks are rushing to roll out variable annuity policies. But financial advisers and even fund managers themselves emphasize that prospective investors must make some careful assessments before they buy.

First, who should invest in a variable annuity? A typical candidate will be in the 28 percent tax bracket and up, say the experts. "You should also be maxed out in the qualified plans like Individual Retirement Accounts and 401(k)s," or company pension plans, said Glen Daily, an insurance expert in New York City. Mary Malgoire, a fee-based financial planner in Bethesda, Maryland, said, "We use no-load variable annuities in situations where a client may not have access to a company pension plan, or has only a \$2,000 IRA each year, or someone whose pension plan isn't vested, and they're moving on and need to accumulate assets."

U.S. Variable Annuities

Assets and policies at year end

Assets	Policies
\$181.41	157.29
98.60	76.61
51.16	

Prospective investors should remember that a variable annuity is a long-term investment, these advisers say, noting that it takes about 10 years on average to offset the drag of insurance charges on earnings. As with an IRA, investors who bail out before the age of 59 and a half will be hit with federal taxes, plus a 10 percent penalty. On top of that, most variable annuities assess a "surrender" fee, which can run as high as 9 percent in the first year, declining each year until it disappears, generally seven or eight years later. For that reason, Mr. Daily advocates buying one of a small, but growing universe of no-load, no-surrender-fee variable annuities. "That gives you the flexibility to get out if you don't like the product," he says.

In fact, high expenses which hurt investment performance are the harshest criticism leveled at variable annuities. Expenses are based on the insurance company's charge, 1.25 percent on average, plus the investment management fee. Opinions differ on what is an acceptable charge.

Ms. Malgoire uses the Vanguard Group's no-load plan because of its rock-bottom management fee and an insurance

company charge of only 0.55 percent. Mr. Daily thinks the benchmark for the combined insurance and management fees should be about 1.5 percent of assets annually. He is unimpressed by such extras as death benefits, which guarantee that if the investor dies before withdrawing money, his heirs will get back at least the original investment. "First you have to die," he contends, "and then you have to die when the market is down."

But Jennifer Strickland, the editor of Morningstar's Variable Annuity newsletter, thinks that 1.5 percent is on the low side, maintaining that many investors want the extras that come with higher fees. "A lot of people like the idea of early death benefits, and having a broker who will take care of things like asset allocation."

The advisers add that money invested in a variable annuity is not tax deductible, but unlike an IRA which has a \$2,000 limit, or a company plan, there is no ceiling on how much you can invest each year. That means that a windfall like an inheritance, or a year-end bonus, could be invested.

But don't, they warn, buy a variable annuity for your IRA, since anything that goes in an IRA is automatically tax-deferred. And remember that like an IRA, withdrawals will be taxed at the ordinary income rate, not the lower capital gains rate.

With so many issues to consider, it is no surprise that many individuals will want handholding from a broker or insurance agent, even if it does cost more. Still, Ms. Strickland maintains that with careful shopping, investors can find annuities with above-average returns and reasonable fees.

But the best news for retirement investors is that competition is heating up in the variable annuities arena. "The arrival of no-load is putting downward pressure on costs," said Ms. Strickland.

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THE MONEY REPORT

Real Returns to Pension Funds

Annual average returns 1983-1993

12.1	7.7
8.5	10.5
8.8	8.0
8.8	2.3
13.0	9.3
7.0	7.6
8.6	4.1
11.2	10.8
6.7	9.6

Source: UBS Asset Management

British Managers Still Smitten With Equity Investing

By David Hunt

The passion may have cooled somewhat, but the long-term love affair between British pension fund investment managers and stock markets goes on. And with good reason — British pension funds have produced a real return of 10.8 percent a year over the 10 years starting in 1983, according to statistics compiled by UBS Asset Management.

British funds have by far the highest proportion of their assets invested in equities (nearly 80 percent, in British and international shares), and their average performance was bettered by only three of the 18 countries monitored.

Investing in shares "has been a good decision for the industry as a whole," said Malcolm, an associate at the pension consultants Bacon & Woodrow.

"Equity returns may not have been so good over the last two or three years, but in the 1980s and early 1990s they have proved staggeringly good returns. Some of the other asset categories have done well, but equities have raced away."

"Overseas equities received a boost when exchange controls were abolished in 1979," said Russell Borland, a partner with the Glasgow-based consulting actuaries Hymans Robertson.

"The average fund today would have around 54 percent in U.K. equities, 22 percent in overseas equities, 6 percent in domestic bonds, 6 percent in property, 4 percent in index-linked gilts and 3 percent in cash."

"There are historical reasons why the U.K. is heavily into equities, related to rates of inflation," said John Brindle, investment manager of one of the largest and most successful British pension fund groups, Standard Life.

"As long as the trustees understand why a fund is investing in equities, and depending on the age and distribution of the pension scheme, then I have no problem in suggesting to the trustees that our average dis-

cretionary pension fund would be well over 90 percent invested in equities," said Mr. Brindle.

There are basically two reasons why British pension funds are relaxed at investment levels that would scare some of their international counterparts. First, as Mike Grimble, investment strategist at Norwich Union explained, "historically, if you take any period on a rolling three-year basis, equities have been the top-performing asset."

The second reason, outlined by Mr. Kemp, is that the U.K. pensions industry is allowed to take a longer-term perspective. "If markets do well, then asset values are reined back, and vice-versa in poor markets," said Mr. Kemp. "The behavior of assets is thus made less volatile, so pension funds can look very long term."

This smoothing effect is evident in the latest results from the British personal pensions industry. The with-profit funds that incorporate this actuarial input have held up well despite the recent poor showing of equity markets. Unit-linked results, by contrast, are much more directly tied to stock market performance.

The enthusiasm for equities may not have diminished, but there are suggestions that British funds may have rather less invested in this sector in years to come. Many U.K. pension funds are maturing, so will have to take on more fixed interest assets to match increased liabilities. New solvency requirements, coming in a few years as one of the aftereffects of the Maxwell affair, will enhance the tendency.

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Anomalies Persist in Europe Pension Plans

By Sabine Smith-Vidal

Free movement of people, one of the cornerstones of the European Union, will require more than the Channel Tunnel to become a reality. Without pension reform, both employees and fund managers are playing roulette when considering mobile pan-European employment arrangements.

For the individuals, consider the following hypothetical situation.

Simon, a Briton aged 40, married with two children, having worked more than 10 years for a British company, is offered the opportunity of a new job in France.

Simon carefully studies this opportunity, not only from a professional and financial point of view, but also taking into consideration living conditions in Paris (housing, local schools, etc.) and his social coverage. Middle-aged, Simon thinks about his retirement at 65 and would like to be sure that his time overseas will not lead to a loss of pension.

As with most Britons, Simon is used to an inexpensive social security system and company pension funds. He discovers that French social charges are around 60 percent of salaries, 20 percent being paid by the employee and 40 percent by the employer. He also discovers that France, unlike Britain, belongs to the group of European countries whose pension systems are unfunded. He will therefore have to pay contributions to the basic pension scheme managed by the social security authorities ("Caisse Nationale d'Assurance Vieillesse des Travailleurs Salariés," CNAVTS) and the two mandatory

complementary pension plans — one for non-executives ("ARRCO") and the other for executives, ("AGIRC"). Theoretically these are managed by representatives of employers and employees but in fact are largely controlled by the State. The rates seem exorbitant (see table) and because of an earlier temporary assignment in France, Simon already knows that he is not going to receive benefits commensurate with these costs.

Nevertheless, Simon hopes that the application of EC law will enable him to overcome such drawbacks. After all, Europe is now a single market!

Delighted, Simon discovers a piece of European legislation designed with his situation in mind called the "Totalization Agreement" (Regulations 1408/71). Adopted in 1971 and modified since then, it aims to avoid any discrimination between migrant persons and persons who have always worked in the same State. The purpose of the Totalization Agreement, applicable to secondments, expatriations and situations when a person is working in various State members, is to promote pan-European mobility. Article 46 for example provides for a method of calculation of retirement rights in each country, taking into consideration the total number of quarters paid in any member State. However Article 49 basically limits your benefits from a Member State (s) by taking into account only the years of coverage in a State where you satisfied all local conditions (periods of coverage, residency, etc.).

Various cases pointed out that Article 49 should not be interpreted in such a way as to create discrimination between migrant persons

and persons who have been working all their career in the same country. However, the application of Article 49 is not as simple as it seems. The broad result of complex litigation is that many employees are today forced to continue paying contributions to keep the benefits of their original scheme even though they must in addition pay into the schemes existing in the country of expatriation.

While the situation seems blocked today, at the beginning of this year, a communication of the Commission stipulated that the pension funds should make investment decisions only in the interest of scheme participants and that funds should be sufficiently diversified to avoid accumulation of risks. Furthermore, member States would only be allowed to require pension funds to hold up to 60 percent of their assets in national currencies. Despite a widespread determination to go in the direction of a single market, progress is slow. It must be hoped in particular that the European Commission will quickly propose a solution to ensure that workers who change jobs across borders will not be penalized by loss or reduction of the pension benefits.

In addition to providing more freedom in the managing of pension assets, development of pan-European pension schemes would allow workers such as Simon to envisage expatriation in other European countries without any fear for his future pension benefits and with a cost differential commensurate with anticipated benefits.

Sabine Smith-Vidal is a lawyer with S.G. Archibald in Paris.

BRIEFCASE

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For information, call FMG in Stockholm at (46 8) 590 92670, or fax at (46 8) 590 92640.

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For information, call Fitzrovia in London at (44 171) 224 3284, or fax at (44 171) 224 3279.

In next week's Money Report: International insurance surveyed.

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950311AHT

U.S. Skater Tops In Short Program

Compiled by Our Staff From Dispatches
BIRMINGHAM, England — Nicole Bobek, the new 17-year-old American figure skating star, continued her astonishing progress by winning the short program at the world championships on Friday.

European champion and favorite, Surya Bonaly of France, could manage only fourth place.

Bobek surged to the top with a near-flawless display of power and grace. The American champion beat off the European silver medalist, Olga Markova of Russia, who took second place despite a painful inflammation in her right heel.

Lu Chen of China held third spot after a performance vastly improved from her qualifying display last Monday, when Bobek beat her.

While the top three were near-perfect, Bonaly, skating first of the contenders, put one hand down on her opening triple lutz jump and was ragged with her spins and in her spiral.

Another American, 14-year-old Michelle Kwan, might also have beaten Bonaly after a flawless program but was relegated to fifth place. (Reuters)

Bobek had already put an exclamation point on his comeback season, skating a stirring and courageous freestyle program to take the lead.

But Elvis Stojko was about to make an even more spectacular comeback of his own to win the world championship Thursday night.

Stojko has never fallen as far as Eldredge, never lost the faith of the skating establishment or lost interest in the sport.

But Stojko has suffered plenty in the last two months, fighting pain, the laws of probability and a doctor's orders to defend his title here despite a badly injured ankle.

"It's hard to put into words, it's a sweet victory," Stojko said. "I've been through a heck of a lot the last eight weeks."

The compact, curly-haired Canadian succeeded in memorable fashion: nailing seven clean triples, including two triple-triple combinations and nearly landing a clean quadruple toe loop during a freestyle program that did not lack for artistry.

That was enough to send the large Canadian contingent here into the frenzy once associated with a different Elvis.

It was also enough to force Eldredge, the U.S. champion, to settle for the silver medal. Philippe Candeloro of France took the bronze.

"Obviously, I wanted to win, but it happened that tonight Elvis skated better, that's the way it is in sport," said Eldredge, who was the last American man to win a medal at the world championships when he took bronze in 1991 at age 19.

His teammate, Scott Davis, who was third after the short program on Wednesday night, suffered his now-customary lapse in the free and dropped to seventh.

After the defending Olympic champion Aleksei Urmanov of Russia had knocked himself out of contention by stepping out of his opening triple Axel, Eldredge skated onto the ice at the National Exhibition Center in his somber gray-and-blue costume.

Skating to music from the movie "Gettysburg," Eldredge would not perform flawlessly. On his opening combination, he settled for a triple Axel-double toe loop instead of a triple-triple (a decision that would prove costly in light of Stojko's superior difficulty).

With roughly one minute left in his program, he also fell while attempting his second triple Axel.

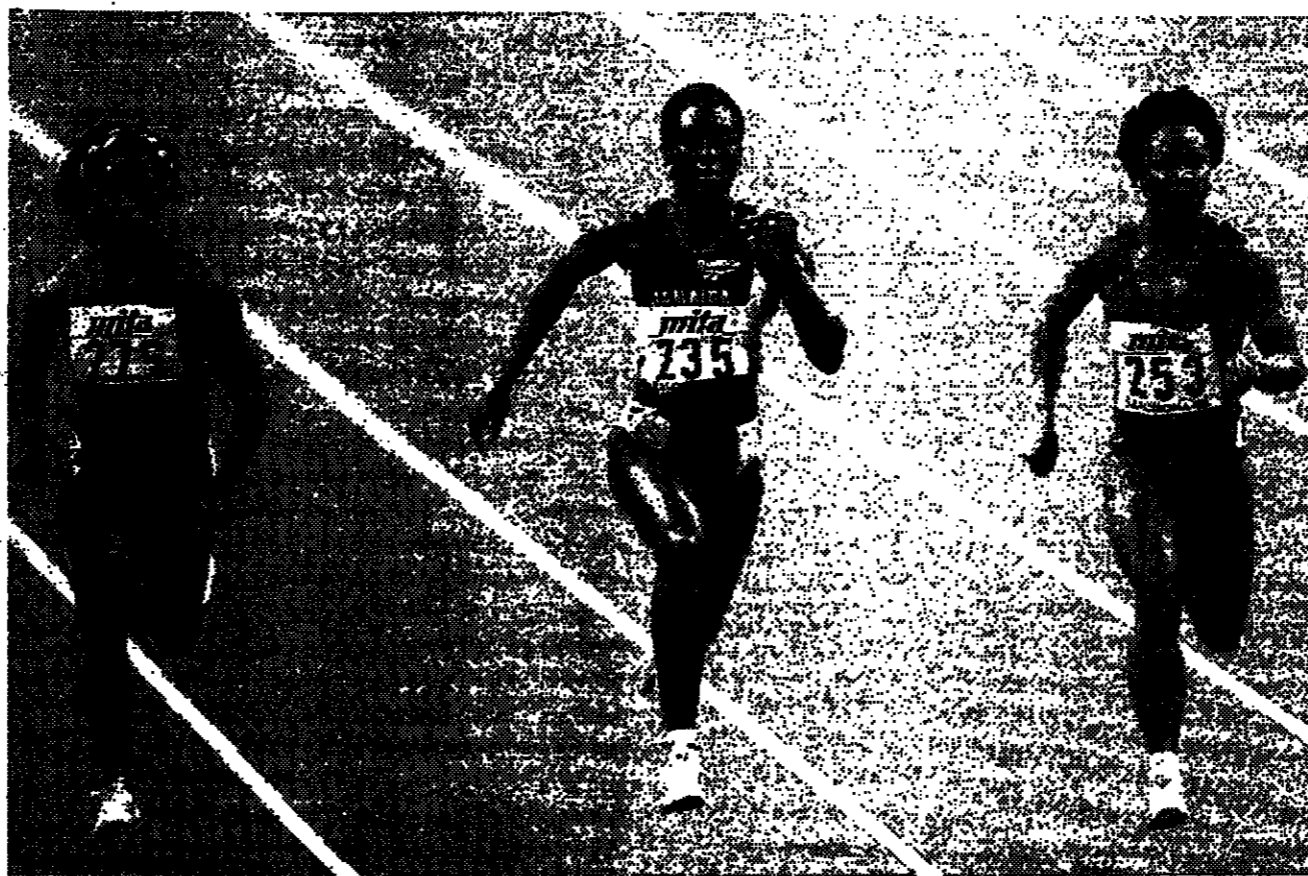
But instead of dropping his head and finishing out his program as planned, Eldredge decided to take another crack at skating's most difficult triple jump. This time, within moments of the finish, he nailed the triple Axel and, when the music faded away, the normally sedate Eldredge shouted and pumped his fist with joy.

It was a fine performance from the 23-year-old who struggled mightily for much of the last three years because of injuries and attitude problems.

If Stojko's ankle was hurting him Thursday night, his always-spectacular jumps did not show the slightest sign of it, particularly an extremely difficult triple-triple toe loop combination he nervously pulled off near his program's end.

And the judges gave him nothing but 5.8s, 5.9s and one 6.0 from the French judge for technical merit.

(Christopher Clarey, NYT)



Merlene Ottey of Jamaica, flanked by Nelli Fiere-Cooman and Lalao Ravasouriana, in 60-meter qualifying heat Friday.

Italians Triumph in World Cup Super G

The Associated Press

KVITFJELL, Norway — Werner Perathoner captured his first World Cup ski victory Friday, edging a fellow Italian, Kristian Ghedina, by three-hundredths of a second to win a men's Super G.

Perathoner, 26, from Val Gardena, covered the 46-gate, 2,574-meter Olympic course north of Lillehammer in 1 minute, 30.47 seconds.

The victory moved him from ninth to third in the Super G standings.

The Italians, without World Cup overall leader Alberto Tomba, who's skip-

ping the speed events here, had a great day with five skiers in the top 10.

Kyle Rasmussen, a two-time Olympian who became the first American ever to win the Lanherborenen downhill in January at Wengen, Switzerland, finished third in 1:30.63.

Perhaps the biggest surprise, however, was the performance of Daron Rahvles from Clayton, California, who was fourth in 1:30.73 for his best career finish on the World Cup tour.

Rahvles, 21, was 23rd in the Super G at Whistler, Canada, last month, for his

best previous finish this season in the event.

Gunther Mader of Austria, who is second in the Super G standings behind Peter Runggaldier of Italy, took fifth in 1:30.74. Runggaldier was seventh, 40 seconds behind the winner.

The other Italians in the top 10 were Alessandro Fattori, who placed sixth, 37 behind Perathoner, and Pietro Vitalini, who was eighth, 47 behind.

Competition continues with a double downhill on Saturday, followed by another Super G on Sunday.

Agassi and Sampras Head Toward a Showdown

The Associated Press

INDIAN WELLS, California — Andre Agassi had lost to Thomas Enqvist in both previous meetings. And Agassi was determined it wasn't going to happen again.

Nineteen minutes after the match began, Agassi already had won five consecutive games in his third-round match Thursday night against Enqvist at the Newweek Champions Cup.

It took Agassi only 65 min-

utes to wrap up a 6-1, 6-3 victory over the Swede.

"I came out here today to really lay it on the line," Agassi said. "My intensity was at an all-time high. It wasn't me underestimating him before; he's just beaten me a couple of times."

Agassi, seeded second in the tournament and ranked No. 2 in the world, both behind Pete Sampras, continued his run at the No. 1 ranking.

While he and Sampras are

batling for the world's top spot, they also joined up Thursday night, announcing they will really lay it on the line.

Sampras, coming off a second-round loss in the U.S. Indoor last month, struggled past Jonas Bjorkman of Sweden, 6-3, 7-6 (7-5), in his second-round match Thursday afternoon.

Looking for his first tournament victory of 1995, Sampras had eight aces in winning the first set in just 28 minutes. But he had to rally from a 1-4 deficit to win the second.

Bjorkman, ranked 44th in the world, broke at love in the fourth game of the second set, then held before Sampras won three straight games to make it 4-4. The players then held ser-

Ottey, 34, Outruns Pack in 60-Meter Event in Barcelona

By Ian Thomsen
International Herald Tribune

BARCELONA — Merlene Ottey of Jamaica celebrated another late breakthrough Friday night, winning her first world 60-meters title at the age of 34.

She prevailed without suspense in 6.97 seconds, but then this was more a lifetime achievement award for her — a minor award for her honor next door from the Olympic Stadium where in 1992 Ottey figured to have spent her last chance at an Olympic title.

Then she won the 200 meters at Stuttgart in 1993 for her first outdoors world championship, and now, she has said, an Olympic gold medal in Atlanta is within her reach next summer. She will be 36 then, as will her admitted inspiration, Linford Christie.

It was a strange night in the Olympic city for old Jamaican champions.

Christie, the Briton born within 33 days of Ottey in Jamaica, also figured to win his first 60-meters title at these IAAF World Indoor Championships. But he decided not to run, and then saw 27-year-old Bruny Surin, the Haitian-born Canadian, defend his 1993 title in a championship record 6.46 seconds, one one-hundredth better than the world-best posted by Christie earlier this winter.

Each of the sprints featured only three contenders from this winter's top 10; but Surin didn't have it so easy as Ottey did.

Halfway along he could sense Darren Braithwaite of Britain on his right shoulder. Surin runs as if holding his breath, his face pulsing like a trumpet player's and eyes very nearly popping. Bursting free, his time was one one-hundredth slower than his best from 1993, when he was peaking toward his indoor championship at home in Toronto.

The next four behind him all ran personal bests, led by Braithwaite's 6.51 and the Canadian Robert Esmie's 6.53, but still couldn't threaten on the way in.

Ottey seemed mildly perturbed upon realizing that she hadn't run a personal best herself, nor had she challenged the season-best of 6.92 by Irina Privalova, the Russian who is bypassing the sprints in order to run the 400 meters.

Her face was hidden before the start, and at the end she was stoic, as if she couldn't hear the applause. But runners-up Melanie Paschke of Germany (7.10) and the American sprinter Charlette Guldry (7.11) were never going to push her, and no one will complain about the circumstances of her victory after three previous tries.

Ottey has now won 27 major international medals. In the absence of Privalova, she will be favored to double her gold in the 200 meters this weekend, an event she has won twice, including her first individual gold medal in 1989. She was an elderly 28 then.

SIDELINES

Final of America's Cup Leg Delayed

SAN DIEGO (AP) — With time and wind running out, Mighty Mary and Young America quit their America's Cup match Thursday as the two boats were on the final turn, and no points were awarded.

After almost four hours of competition, and with nightfall looming, both syndicates dropped their mainsails and pulled out of the race. America's Cup rules set deadlines for the boats to reach the first three markers and a course deadline of 4 hours, 5 minutes. It was the final race of the fourth round for the women's team. Young America and Team Dennis Conner will conclude the round Friday.

For the Record

Major league baseball owners voted unanimously Thursday to add the Arizona Diamondbacks and Tampa Bay Devil Rays for the 1998 season. The new teams will pay \$130 million each in cash as franchise fees, but the payment schedule and an exclusion from national broadcasting, All-Star and postseason money for up to five years brings the actual cost to about \$155 million. (AP)

German sports officials, investigating fresh allegations of widespread doping, are on the trail of a potentially "sensational" new case, the nation's chief anti-doping enforcer said Friday. Hans Evers, head of the anti-doping commission of the German Sports Federation, said it will be several months before officials get the "full picture" and can go public. (AP)

McGovern Leads in PGA Event

Reuters

FORT LAUDERDALE, Florida — Jim McGovern shot a six-under-par 65 on a windy day at Weston Hills to take a one-stroke lead over Mark Calcavecchia after the first round of the Honda Classic.

Dave Barr of Canada and Nick Faldo of Britain were two strokes off the pace with 67s. Among five players at 68 was the 1991 Masters winner, Ian Woosnam of Britain, after his first competitive round of 1995.

McGovern, 30, had one of the rare bogey-less rounds at the tournament on Thursday as a relatively strong wind blew throughout the round. McGovern started well, with birdies on three of his first five holes, and finished strongly, with birdies in three of his last five holes.

McGovern, who has made just a little more than \$15,000 this year, said the key to his improved scoring was reaching the end of a long putting slump.

"I've been putting poorly for the last 10 years — I mean 10 months," McGovern said. "I've really been struggling. Two years ago I was 30th in the putting stats, last year I was 154th. But I went back to step one last week and really worked hard over the weekend."

Faldo picked up four birdies on the front nine, a stretch of holes he was seeing for the first time this week on Thursday. He had planned to play 18 holes on Wednesday, but strong winds and rain cancelled his plans.

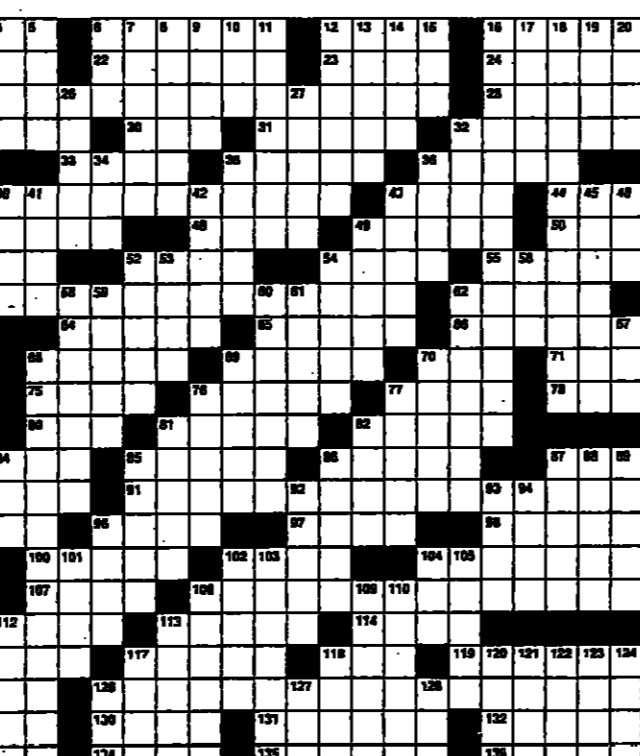
"I played very solidly," Faldo said. "It was tough out there. I got off to a great start, and most of the day I was 25 feet or better on the greens."

Faldo hit every fairway and missed just two greens.

TIMES PAST By Charles M. Deber

- ACROSS
- 60's labor leader
 - Arfonsie treatise
 - They're no gentlemen
 - Film maker's special effects
 - TV comic DeGeneres
 - Fit to till
 - Mule Sal's canal
 - Literature
 - Nobel Prize
 - Headline of #36,683 (July 1, 1958)
 - Explosive liquid
 - Motley
 - Nightclothes, informally
 - Fragrant compound
 - Gym wear
 - Controversial James Lovelock book
 - Marka left
 - Proust hero
 - Headline of #9,256 (Oct. 9, 1971)
 - Holiday stamp
 - Language suffix
 - Eared seals
 - Proboscis
 - Be gracious to

- DOWN
- Learn via the grapevine
 - Slew
 - Ross national product
 - Song or slug follower
 - "Puppy Love" singer, 1960
 - Capricorn, e.g.
 - Palladium
 - Yemeni city
 - Nigerian people
 - Year in Ptolemy's life
 - Iroquoian Indians
 - Il — di gravita
 - Bygone Dodge
 - New Look designer
 - D.C. V.L.P.
 - Headline of #40,721 (July 21, 1989)
 - Highly unusual



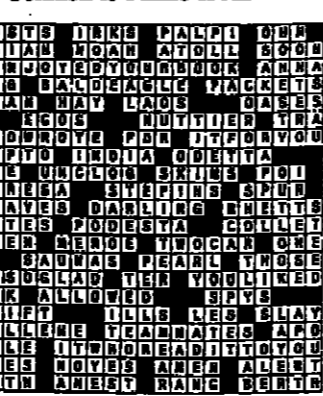
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- 129 Kind of boom
- 130 "Beloved" author Morrison
- 131 Actress Dorothy
- 132 Olga's successor
- 133 Eric Laurence
- 134 Church part
- 135 City on the Yamal
- 136 With it
- 137 Kind of boom
- 138 "Beloved" author Morrison
- 139 Actress Dorothy
- 140 Olga's successor
- 141 Eric Laurence
- 142 Church part
- 143 City on the Yamal
- 144 With it

- 145 Headline of #18,306 (April 16, 1912)
- 146 Not bland
- 147 Those in Tegucigalpa
- 148 Texas A&M player
- 149 Headline of #4,110 (Nov. 25, 1884)
- 150 Grammarian's topic
- 151 Ugly Duckling, actually
- 152 Reply: Abbr.
- 153 It may be dead
- 154 Tuxedo jacket
- 155 Headline of #42,568 (Aug. 9, 1974)
- 156 Rap sheet info
- 157 Any lad
- 158 Off-color
- 159 Ideal
- 160 Energy unit
- 161 Washington
- 162 Brit's look
- 163 Equip
- 164 Proofreading marks
- 165 To the point
- 166 European freshwater fish
- 167 Caspian tributary
- 168 Pop singer Hendrix
- 169 Rustic house

- 169 Actor Erwin et al.
- 170 "Woe is me"
- 171 "First" — see
- 172 Drink
- 173 "Israel" writer
- 174 Senior Mormon
- 175 May's 1982 title role
- 176 Comfortable gain
- 177 Oatmeal's quarters
- 178 Type of acid
- 179 Grebes' cousins
- 180 Z-like
- 181 "The Time Machine" people
- 182 Cut short
- 183 Give — (gull)
- 184 Catcher Tony
- 185 Solitaire item
- 186 Turn over
- 187 Bangs, e.g.
- 188 Chair support
- 189 Educ. grp.
- 190 Cash alternative
- 191 From N.M. to N.D.

Solution to Puzzle of March 4-5



Set in the beautiful Kent countryside, the club boasts two 18 hole courses - the Heritage Course which was personally designed by Jack Nicklaus and the International Course, created by Golden Bear and designed by Ron Kirby. Both courses are suitable for all skill levels, providing five sets of tees per hole and lakes coming into play on several holes. The greens have been built to the highest USGA specifications ensuring firm, well drained surfaces. The courses have been designed to take advantage of the natural contours and beauty of the Kent countryside. The clubhouse contains a magnificent range of facilities, including a high quality restaurant offering a range of international cuisine with a Teppanyaki bar for oriental tastes, a pro shop, spa bar and spa baths with sauna.

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DAVE BARRY

Taxes Are Easy If You're Dead

MIAMI — Income-tax-filing time: For Person A, it's a nightmare; yet for Person B, it's no big deal. What's the difference?

Simple: Person B died in 1993. This is the kind of sound tax planning that can prevent numerous headaches down the road.

Unfortunately, those of you who foolishly elected to continue living are going to have to file tax returns this year. That is the bad news. The good news is that the IRS is working hard to make its tax forms more "user friendly." For example, I have here the old and new versions of Form 5213, sent to me by alert taxpayer Katie Tibbitts. The two forms are identical except for the titles. The old version is titled:

"Election to Postpone Determination as to Whether the Presumption That an Activity Is Engaged In for Profit Applies."

What a bunch of gobbledygook! Fortunately, the folks who work at today's IRS (motto: "We're Human Beings Just Like You, Except We Breathe Via Gills") no longer tolerate this kind of confusing prose. They have thoughtfully revised Form 5213, so that it's now titled:

"Election to Postpone Determination as to Whether the Presumption Applies That an Activity Is Engaged In for Profit."

That certainly clears THAT up! I think all of us taxpayers should express our gratitude by filing Form 5213 this year as many times as is humanly possible.

Most taxpayers, however, are mainly concerned with Form 1040. The average time required to complete and file this form is about 11 hours, according to an IRS study of average taxpayers on the Planet Zeembo. You will probably need more like a month, not counting the time required to forge receipts. To help you with this annual chore, I've prepared the following answers to common taxpayer questions:

Q. Who is the current IRS commissioner, and is he or she a wacky dude or dudette?
A. Her name is Margaret Milner Richardson, and she sure is. Check out her "Dear Taxpayer" letter on Page 3 of the Form 1040 instruction package, wherein she states that the IRS has been recognized as "a leader among government agencies in customer service."

Q. What is that comparable to?
A. That is comparable to stating that "cement is a leader among construction materials for use as a dessert topping."

Q. Does Margaret make any other comical statements in her letter?

A. Yes. She states: "I want you to know that the 'S' in IRS represents a commitment to serve you."

Q. What does the "R" represent?
A. It represents "a tiny room with a hard chair where we grill randomly selected taxpayers until they break down and tell us about the Planet Zeembo."

Q. How will the O. J. Simpson case affect my 1994 tax returns?

A. You're going to have to chip in a little extra to help offset the estimated \$147 million business deduction that the defense team is claiming for suits.

Q. Did several alert readers send you a story from the January 20 issue of the Easton, Pennsylvania, Express-Times concerning a fascinating highway accident?

A. Yes. The story begins: "A truck carrying 40,000 pounds of frozen cow lungs slided to become dog food in France wrecked on Route 31 early Thursday. There's also a photograph, captioned: 'A worker kicks some of the 20 tons of frozen cow lungs that spilled from this truck.'"

Q. You are making this up.

A. No.

Q. Why did the worker kick some of the frozen cow lungs?

A. Perhaps he did not have time to kick them all.

Q. Is there a specific tax form for this situation?

A. Of course. It is Form 592038-MOO. You are required to file this form if, during the 1994 tax year, you, or anyone you know, for any reason, owned a dog.

In following the tax advice outlined above, please bear two things in mind:

1. I am NOT a certified public accountant. I am the U.S. treasury secretary.

2. Our tax laws are constantly changing as our elected representatives seek new ways to ensure that whatever tax advice we receive is incorrect. Even as you read these words, Congress is considering a bill that would require every 15th word in the tax code to rhyme with "uvula."

So if you have ANY doubt about a tax decision, pick up the phone and call IRS Commissioner Richardson directly. She won't mind. After all, the "I" in IRS stands for "I have a terrific sense of humor." I hope.

Knight-Ridder Newspapers

After Dog Days, a Talk Show Host Blooms

By James Gavin
New York Times Service

NEW YORK — Charles Grodin likes to sum up the last days of his 30-year film career with the line "Get that dog off the bed!"

After playing straight man to a St. Bernard in two family comedies, "Beethoven" and "Beethoven's 2nd," he is exiting from the movies — and, it appears, from stage acting, directing, writing plays and writing books, to name some of his other pursuits. Enter Charles Grodin, cable talk-show star.

"The Charles Grodin Show" began broadcasting from the CNBC studios in Fort Lee, New Jersey, on Jan. 9. So far it has about 200,000 viewers — a healthy rating by CNBC standards.

Ken Tucker, writing in Entertainment Weekly, included Grodin's talk show as one of two (with Tom Snyder's show) that go against the "all-too-familiar grain of irony that characterizes the great Letterman and the less-great-in-the-same-order Jon Stewart, Greg Kinnear and Conan O'Brien." Grodin has done what he hoped (and sorta feared) he'd do: expand his self-parodying loutishness in making the move from talk-show guest to host. . . . The results are yielding terrific television.

Grodin calls his series "dessert." It is made up of chats mostly with show-business friends like Carol Burnett and Mario Thomas and visits from favorite singers like Rosemary Clooney and Tony Orlando.

Grodin, however, doesn't make it easy for these performers to plug their latest projects — a staple of other talk shows. "Nobody cares what anybody has coming up next," he says. "That's a bad question."

What's a good one? Given his habit of hanging on to the camera like a puppy with a rag toy, the best questions seem to be ones that ricochet back to him.

Seated in his Fort Lee office between taping, the movie-actor-turned-host, now 59, looks frozen in time, at about age 40: his brown hair devoid of gray, his skin tighter than it was when he starred in "The Heartbreak Kid," in 1972.

It was then that he began appearing frequently on talk shows. His stock in trade became hurling insults at David Letterman and Johnny Carson; he once



The Associated Press

After playing straight man to a St. Bernard in two family comedies, Charles Grodin is exiting from the movies.

told Ed McMahon that it was a shock that he could still stand at his age.

Along the way, Grodin cast his net over so many fields that he may have missed making a solid mark in any of them, despite acclaimed performances in movies like "Heaven Can Wait" and "Midnight Run."

Now, with his wife, Elissa, and their 7-year-old son, Nicholas, he says he wants to stay put in Connecticut (he won't say exactly where he lives) and make this

new venture last "forever." (He signed a two-year contract, but CNBC can drop him after a year.) He also wants to do it his way, so no suggestions, please.

Roger Ailes, the president of CNBC and one of Grodin's champions, says Grodin will ask for suggestions, but "then he'll say, 'Of course I only want you to tell me I'm brilliant.'" Ailes has responded by saying he also knows something about what works on a show. But his host feels that he does, too. After

40 years in show business, he has accumulated enough opinions, stories and neuroses to fill several analysts' legs. Instead, he fills his show with them.

Each hour opens with 10 minutes of vintage Grodin: a monologue in which he settles an old score or cocks an impatient eyebrow at politics, movies, whatever is irking him.

In January he talked back to a replay of the president's State of the Union message, mocking the rhetoric that drew standing ovations: "Nobody wants fear and paralysis and terror. Good! Standing O. Clean up toxic dumps? Big! Stand, everybody, stand!"

When John Cleese appeared on the show to promote his new book, "Life and How to Survive It," Grodin spent so much time ridiculing the book that Cleese was finally reduced to chanting (very faintly) "Buy the book, buy the book, buy the book" directly to the camera.

Most of the time, the focus stays on Grodin. "Can I have the camera, please?" he keeps asking. Even while his singers are performing, the cameramen keep cutting back to his enraptured face. Those shots make the top brass a little nervous, but Grodin stands firm.

"It was my idea to have the singer on, and it was my idea to cut to a reaction shot," he says testily. "People want to see the host watching the singer, especially me, because I love it."

The reviews have been mainly good but not good enough for him. He claims to screen out anything negative, then bitterly refuses almost every criticism on the air: that he hogs the interviews, has dead-looking eyes and so on.

Does Grodin feel that any of the criticism is justified? "None," he says. "None whatsoever." But asked to do some self-evaluation, the thoughts tumble out: The monologues are too long. He dominates his guests. Too few of them are young.

Regrets about his own career follow. "I'm not one of those guys who say they would never change a thing," he admits. "I'd change a lot of things." Talking on the show with Mario Thomas, he turned to address the viewers: "Mario tells me, 'You're a great actor. You were on Broadway with Ellen Burstyn in 'Same Time Next Year.' Now you're making movies with dogs. You're up there with Miss Piggy.'"

WEATHER

Forecast for Sunday through Tuesday, as provided by Accu-Weather.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	14/27	12/23	18/21	11/20	9/15	16/18
Amsterdam	11/22	8/13	17/23	6/13	5/10	11/15
Antwerp	8/13	5/11	14/21	3/11	0/8	10/15
Athens	13/20	8/13	17/22	10/20	5/10	16/21
Berlin	10/18	7/15	15/20	6/15	3/10	10/15
Birmingham	11/22	8/13	17/23	6/13	5/10	11/15
Bombay	24/30	20/16	28/32	21/27	17/23	25/31
Buenos Aires	14/27	12/23	18/21	11/20	9/15	16/18
Calcutta	24/30	20/16	28/32	21/27	17/23	25/31
Cairo	14/27	12/23	18/21	11/20	9/15	16/18
Cardiff	11/22	8/13	17/23	6/13	5/10	11/15
Chennai	24/30	20/16	28/32	21/27	17/23	25/31
Copenhagen	11/22	8/13	17/23	6/13	5/10	11/15
Dallas	14/27	12/23	18/21	11/20	9/15	16/18
Dhaka	24/30	20/16	28/32	21/27	17/23	25/31
Dublin	11/22	8/13	17/23	6/13	5/10	11/15
Edinburgh	11/22	8/13	17/23	6/13	5/10	11/15
Frankfurt	11/22	8/13	17/23	6/13	5/10	11/15
Geneva	11/22	8/13	17/23	6/13	5/10	11/15
Helsinki	11/22	8/13	17/23	6/13	5/10	11/15
Hong Kong	24/30	20/16	28/32	21/27	17/23	25/31
London	11/22	8/13	17/23	6/13	5/10	11/15
Los Angeles	14/27	12/23	18/21	11/20	9/15	16/18
Madrid	14/27	12/23	18/21	11/20	9/15	16/18
Moscow	11/22	8/13	17/23	6/13	5/10	11/15
Mumbai	24/30	20/16	28/32	21/27	17/23	25/31
New Delhi	24/30	20/16	28/32	21/27	17/23	25/31
Osaka	24/30	20/16	28/32	21/27	17/23	25/31
Paris	11/22	8/13	17/23	6/13	5/10	11/15
Perth	14/27	12/23	18/21	11/20	9/15	16/18
Rangoon	24/30	20/16	28/32	21/27	17/23	25/31
Rio de Janeiro	14/27	12/23	18/21	11/20	9/15	16/18
Sao Paulo	14/27	12/23	18/21	11/20	9/15	16/18
Seoul	14/27	12/23	18/21	11/20	9/15	16/18
Shanghai	24/30	20/16	28/32	21/27	17/23	25/31
Singapore	24/30	20/16	28/32	21/27	17/23	25/31
Sydney	14/27	12/23	18/21	11/20	9/15	16/18
Taipei	24/30	20/16	28/32	21/27	17/23	25/31
Tokyo	14/27	12/23	18/21	11/20	9/15	16/18
Yokohama	14/27	12/23	18/21	11/20	9/15	16/18



North America
The East Coast will have a spell of dry weather with mild days and cool nights. Toronto and Chicago will be sunny, and showers are possible by Tuesday. The eastern Plains and Mississippi Valley will become sunny. A Mediterranean storm will spread rain across southern Italy and Greece.

Europe	Today	Low	High	Tomorrow	Low	High
Algeria	14/27	12/23	18/21	11/20	9/15	16/18
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Taipei	24/30	20/16	28/32	21/27	17/23	25/31
Tokyo	14/27	12/23	18/21	11/20	9/15	16/18
Yokohama	14/27	12/23	18/21	11/20	9/15	16/18

Legend: s, sunny; c, partly cloudy; d, cloudy; sh, showers; r, rain; dr, drizzle; f, fog; w, wind; v, variable. All temps, forecasts and data provided by Accu-Weather, Inc. © 1995

Asia

	Today			Tomorrow		
	High C/F	Low C/F	W	High C/F	Low C/F	W
Bangkok	28/31	26/73	pc	24/30	26/79	sh
Beijing	7/14	-2/28	pc	11/18	1/15	pc
Bombay	23/73	20/68	pc	23/73	19/65	sh
Buenos Aires	31/88	18/64	pc	31/86	22/71	pc
Calcutta	24/75	14/57	c	28/78	6/46	sh
Cairo	8/46	0/32	pc	4/39	-1/31	pc
Cardiff	14/57	3/37	c	13/55	3/37	sh
Chennai	30/86	24/73	sh	31/88	24/75	pc
Copenhagen	21/70	17/62	sh	20/66	16/59	sh
Dallas	10/50	3/37	pc	12/53	4/39	sh

Latin America